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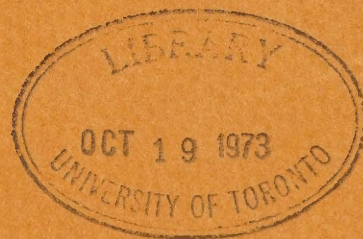
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THE ECONOMIC IMPACT OF THE PUBLIC SECTOR UPON THE INDIANS OF BRITISH COLUMBIA

A REPORT SUBMITTED TO
THE DEPARTMENT OF INDIAN AFFAIRS
AND NORTHERN DEVELOPMENT

BY D. B. FIELDS AND W. T. STANBURY

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THE ECONOMIC IMPACT
OF THE PUBLIC SECTOR UPON THE INDIANS
OF BRITISH COLUMBIA

AN EXAMINATION
OF THE INCIDENCE OF TAXATION AND EXPENDITURE
OF THREE LEVELS OF GOVERNMENT

*A report submitted to the Department of Indian Affairs
and Northern Development*

by D. B. Fields and W. T. Stanbury

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THE ECONOMIC IMPACT OF THE PUBLIC SECTOR UPON THE
INDIANS OF BRITISH COLUMBIA

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FOREWORD

It is now four and one-half years since we submitted this study to the Department of Indian Affairs and Northern Development. The major part of the research was carried out during the summer of 1967.¹ Research was completed early in the summer of 1968, and the report was largely written in July and August of 1968. Consequently, the data on which the report is based are for the fiscal years 1966-67 and 1967-68. As such, the data are now about six or seven years old.

While the specific figures and some of the institutional arrangements described in the report are now out of date, many of the problems, of which the data are only symptoms, have *not* been alleviated. For example:

- Indian educational attainment is still far below that of the non-Indian population.
- Indian incomes remain, on average, only a fraction of non-Indian incomes.
- Welfare dependency of British Columbia Indians living on reserves remains a serious problem.
- Indian children still account for a highly disproportionate number of children in the care of the Province's Superintendent of Child Welfare.
- A significant proportion of Indians living off reserves are almost wholly dependent upon social assistance and other government transfer payments.
- The incidence of medical problems, as manifested by longer days in hospitals, remains higher among Indians than among non-Indians.
- The "backlog" of requests for adequate housing has not diminished. Many Indians in B.C. live in accommodation which would be clearly unacceptable to members of "the dominant society."

¹The original instigator of the study was Mr. J. V. Boys, the Indian Commissioner of British Columbia. We acknowledge his advice, support and interest in our study.

- Indian men and women populate our jails in numbers far beyond their proportion of the total population of B.C.
- Indians continue to pay little in the way of income tax--because their incomes are so low and because the average family is relatively large.
- Indians continue to fail to obtain maximum potential benefit from their reserve lands when they lease them to non-Indians. The effects of such leases is that the rents received by the Band are reduced by the amount of the taxes paid by the lessee to the municipality or the Province. If Indians were to "develop" the land themselves, the benefit of the exemption from land taxation would accrue (presumably as it was intended to do so) to Indians.
- The need for an "organizational vehicle" with which to carry on the economic development of reserves remains. If a band forms a corporation to develop the reserve, the net income of the corporation is liable for the corporation income tax, *despite* the fact that the income is earned from economic pursuits on the reserve.

Clearly, a number of the principal issues toward which our report was addressed remain significant to both the Indian and non-Indian people of British Columbia.

We would have liked to have seen the report published earlier. This was not possible for a number of reasons. The report was prepared as a contract research study for the Department of Indian Affairs and Northern Development. Upon completion the report became the property of the Department, and they were free to use it as they saw fit. In the course of preparing the report, we requested the assistance of the Government of British Columbia in obtaining data on education, social welfare dependency, the taxation of lessees of Indian reserve lands and on other issues. In obtaining the data, we agreed not to publish the report until it was released by both governments. The Federal government received the Province's agreement to "table the report" in the House of Commons late in 1972.

Discussions with the University of British Columbia Press began early in March, 1973. We have been most pleased by the speed with which the Press has been able to prepare the report for publication. The dispatch of the Press has been matched by both the Federal and Provincial governments in formally releasing the report for publication in this form.

Some Recent Work

Following the completion of this report in September 1968, our interest in the social, legal and economic problems confronting B.C. Indians continued. Early in 1971 we received a grant from the Donner

Canadian Foundation to conduct a survey of B.C. Indians who live off reserves. The 1968 study dealt almost entirely with Indians living on reserves with the exception of an estimate of the incidence of welfare dependency of Indians living off reserves in September and December 1967--see Chapter 2 below. By 1971 we observed that almost one-third of the "registered" or "status" Indian population no longer lived on reserves. Furthermore, as we had found in researching the 1968 study, very little was known about Indians living off reserves. From our sample of 1,095 Indians (age 15 to 65) living off reserves in the summer of 1971 we believe we have at least partially filled this gap. A number of papers have been published² and a monograph is currently being written.³

Also in the summer of 1971 the B.C. Association of Non-Status Indians conducted a survey of non-status Indians in the province. At the request of the Association, we coded and analyzed the data and prepared a summary paper.⁴

²W. T. Stanbury, D. B. Fields, and D. Stevenson, "Unemployment and Labour Force Participation Rates of B.C. Indians Living Off Reserves," *Manpower Review, Pacific Region*, April-May-June, 1972 (Vol. 5, No. 2) 21-45. W. T. Stanbury, D. B. Fields and D. Stevenson, "B.C. Indians in an Urban Environment: Income Poverty, Education and Vocational Training," *Manpower Review, Pacific Region*, July-August-September, 1972 (Vol. 5, No. 3), 11-33. Professor Stevenson submitted the proposal jointly with ourselves. However, after supervising the fieldwork (and acting as an interviewer) on Vancouver Island the pressure of other commitments did not permit Professor Stevenson to collaborate further on the research project. Professor Stevenson appears as a co-author of only the first two papers derived from the research data. Other papers include: W. T. Stanbury, "B.C. Indians Living Off Reserve: Some Economic Aspects," *Proceedings*, Fourth Annual Conference of the Union of B.C. Indian Chiefs, Prince Rupert, November 6-8, 1972. W. T. Stanbury, "The Education Gap: Urban Indians in British Columbia," *B.C. Studies*, forthcoming, 1973. W. T. Stanbury, "Indians in British Columbia: Level of Income, Welfare Dependency, and the Poverty Rate," *B.C. Studies*, forthcoming, 1973.

³It is expected that the monograph will be published by the University of British Columbia Press.

⁴See W. T. Stanbury, "Summary of Major Results, B.C. Association of Non-Status Indians Survey, Summer 1971," Vancouver, University of B.C. Faculty of Commerce and Business Administration, 1972 (unpublished paper). The Association defines a non-status Indian in the following way:

A non-status Indian is a person who, although genetically and culturally an Indian, is not registered as such by the Department of Indian Affairs of the Federal Government. The Canadian government, through the Indian Act, has laid down certain definite rules for defining who is, and who is not, an Indian. This "race by legislation" act has given rise to many strange cases whereby a person with

We hope that this report and our published and forthcoming work on B.C. Indians living off reserves will constitute a useful body of *empirical* evidence upon which to base policy decisions.⁵

The availability of this report, we hope, will assist the Indians of British Columbia in defining their own alternatives and in choosing wisely among them. It is to the Indians of British Columbia that we dedicate this book--they have waited too long.

W. T. Stanbury,
Assistant Professor
Faculty of Commerce & Business Administration
The University of British Columbia

April 18, 1973.

no Indian blood, whatever, may legally be classed as an Indian; whereas a full-blooded Indian may legally be classed as white. . . . Membership in the B.C. Association of Non-Status Indians is open to any person of one-quarter or more Indian blood, who is not a registered member of an Indian Band.

⁵In terms of empirical work relating to B.C. Indians we must acknowledge our debt to the writings of Professors H. B. Hawthorn and Stuart M. Jamieson of the University of B.C. Their work in *A Survey of the Contemporary Indians of Canada*, Vol. I (Ottawa: Queen's Printer, 1966), and their earlier book with Professor C. S. Belshaw, *The Indians of British Columbia* (Toronto: University of Toronto Press, 1958), served as inspiration for this report. On a personal level Harry Hawthorn has been a sympathetic critic and supporter of what we have tried to do.

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ACKNOWLEDGMENTS

We are conscious of a great debt that we owe to a large number of people who assisted us during the course of this study. We wanted to remember, and to acknowledge individually, the help given us. Because of the size and scope of the study we have not found that possible. Instead we shall mention only the organizations that have provided advice and information to us. Without exception the directors and staff of these organizations have responded enthusiastically to our enquiries. Their interest in the problem was infectious and encouraged us to collect and analyze far more material than we are able to relate in the text.

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Dept. of Fisheries - Vancouver
Dept. of National Revenue - Vancouver
Dept. of Finance - Ottawa
Dominion Bureau of Statistics

Province of British Columbia:

Dept. of Social Welfare
Dept. of Health Services and Hospital Insurance
Dept. of the Attorney-General
Dept. of Industrial Development
Dept. of Trade and Commerce
Dept. of Education
Dept. of Finance

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Our research assistants, Brian Causey and
Laurie McBride

Any approbation this study may receive should go to them.

We reserve for ourselves the sole responsibility for any errors
or omissions.

D. B. F.
W. T. S.

August, 1968

*The Economic Impact of the Public Sector Upon the
Indians of British Columbia: An Examination of
the Incidence of Taxation and Expenditure
of Three Levels of Government*

INTRODUCTION

In our first chapter, we shall attempt to do at least two things. The first is to acquaint the reader with the general nature and significance of the study. In doing so we will spend some time explaining the theoretical precepts of our study and the elements of our methodology. The second objective of this Introduction is to lay out the plan of the report--pointing out how we see each chapter fitting into the total work.

What is it we tried to do? Because the idea of this project was somewhat unusual, and even the *theoretical* analysis relatively undeveloped, our terms of reference (set forth below) were, understandably, set out in the broadest terms:

The Project shall consist of a study and quantitative assessment of the financial significance of the special status of Indians as taxpayers in the province of British Columbia and without limiting its scope in any way shall include a general analysis of present and potential taxes levied on Indians, the nature and cost of services rendered to Indians at present and future trends, the growing significance of taxes paid by non-Indian lease holders of Indian lands, the tax implications of an increase in business activities on Indian reserves, and significant changes in income and spending patterns of Indians including their potential to pay income tax if they were subject thereto.¹

When we began work on the study we did not envisage its final scope. We have found that we were unable to deal fully with some of the fields of taxation as they affect Indians in B.C., but we have tried to point the way for further, more elaborately financed, studies in our Chapter "Sales Taxes, Excise and Customs Duties." The availability of data has limited the depth of our investigation in only a very few instances--in most areas of interest we were amazed by the wealth of data available to us. Consequently, in areas of great concern (on the expenditure side) such as Social Welfare, Health, Education, and the Administration of Justice we have devoted considerable time (and space) to our examination of the problems. Similarly, on the revenue or taxation side

¹From a letter dated July 11, 1967, from the Indian Affairs Branch, Ottawa, to Professor D. B. Fields, Faculty of Commerce and Business Administration, University of British Columbia.

we concentrated our efforts on those bases of taxation in which Indians have an unusual interest. *These are the Taxation of the lessees of Indian land and the individual income tax.*

In answering the question of what is it we have tried to do in our study we may perhaps delineate the nature of our study by pointing out what our study is *not*. It is not (properly) a "cost-benefit" analysis applied to a specific group of people in the province or the nation. We are not really trying to determine if the Indians contribute as much in the way of tax revenues as they receive in the way of expenditure benefits.²

As we understand it cost-benefit analysis is a mathematical technique of calculating the net *economic* significance of a specific project or series of projects arrayed before the policy maker. It is a technique applied to inanimate objects.³ Indeed the idea of making comprehensive social policy decisions about a group of people on the basis of purely *economic* calculations is ethically repugnant. What we have tried to do is to *describe*, in terms of financial and numerical indicia only, the incidence of various taxes and expenditure programs by all levels of government (Federal, Provincial, and Municipal) with respect to a specific group in the population (the Indians of B.C.) in comparison to the general population or other groups within it. While the dimensions (mainly financial) of our investigation are important, they *represent only one facet* of a multi-faceted problem.

In the argot of the current idiom we have "tried to tell it like it is"; to eschew value judgments in favour of objective analysis. We have, however, tried to point out where we think value judgments (policy decisions) need to be made. The "facts," as we present them, do not draw self-evident conclusions. They must be interpreted in the light of specified *value* judgments.

In the first few weeks and months of our research, when we began to realize that we were experiencing the "iceberg phenomenon," we were fortunate to find both a theoretical and empirical forbear. We refer to W. Irwin Gillespie's *The Incidence of Taxes and Public Expenditures in the Canadian Economy*.⁴ Since the title is almost self-explanatory we shall only point out its relevance for our own study. Dr. Gillespie was

²From this point of view of "the government" in such an analysis, the tax revenues would be seen as "benefits" and expenditures on behalf of Indians seen as "costs" to the government.

³Specifically non-human. See, for example, *Guide to Cost-Benefit Analysis* by W. R. D. Sewell, John Davis, A. D. Scott and D. W. Ross, prepared for the "Resources for Tomorrow" Conference, October 23-28, 1961, Ottawa, Queen's Printer, 1965.

⁴It is Study Number 2 for the Royal Commission on Taxation, Ottawa, Queen's Printer, 1966.

dealing solely with the aggregate of the Canadian economy. He set out to examine the incidence of both taxes and government expenditures by *family income classes*. We have attempted to examine the incidence of taxes and expenditures in respect to a specific group of people (registered Indians) in a single province (B.C.) in comparison to the rest of the citizens of that province and of Canada.⁵ Before long we became aware of the thorny problems of disaggregation, about which more is said in virtually every chapter. Because of the very serious theoretical and practical difficulties of disaggregation we are not able to provide, in a concluding chapter, a magnificent finale in the form of a total picture of *net fiscal incidences* as it applies to B.C. Indians.⁶ Instead we concentrate on those areas of taxation and expenditure in which individual burdens and benefits may be more satisfactorily measured. In the others we provide a more theoretical analysis in the "if-then" tradition of economists.⁷

The impact of the government in the economy is very great.⁸ We attempt to measure only the incidence of government revenues and expenditures upon B.C. Indians. In theory, the incidence of a specific tax, or set of taxes or of any or all government expenditure programs, could be taken to mean the change in an individual's welfare position brought about as a result of the tax or expenditure.⁹ More practically Gillespie defines incidence to be the change in a person's "economic position," which is his total wealth position including human capital.¹⁰ While there may be some theoretical quibbling we can accept Gillespie's operational definition of fiscal incidence "as the changes in relative income positions of families, due to the tax and expenditure policies of the public sector."¹¹ In our study we are concerned with the benefits received and burdens borne by Indians as a result of all the public sector's

⁵In a few instances we have tried to distribute taxes and expenditures by Indian family income class as well.

⁶The term net fiscal incidence is borrowed from Gillespie and will be defined later in this chapter.

⁷i.e., we set out the various alternative assumptions ("if") and "then" we point in which directions the conclusions will follow. We rely upon this technique specifically in the chapters on Sales and Commodity Taxation and on "Public" Goods.

⁸When we use the phrase "the government" we are usually referring to all three levels of government. When all three levels of government are combined their total expenditures amount to 30% of real G.N.P.

⁹Welfare position in the sense of theoretical welfare economics c.f., F. M. Bator, "The Simple Analytics of Welfare Maximization," *Am. Econ. Rev.*, March, 1957.

¹⁰W. Irwin Gillespie, *op. cit.*, pp. 1-3.

¹¹*Ibid.*, p. 3.

expenditure and tax policies as compared to other citizens in B.C. and in Canada. Instead of comparing families in different income classes as Gillespie did, we try to compare B.C. Indians as a group to all other British Columbians.

Governments both tax and spend. Consequently, we are concerned with *net* fiscal incidence. "It is slightly misleading to consider government expenditures as a positive factor and taxes as a negative factor in affecting real incomes; in effect, they are jointly necessary to fulfil the function of the public sector . . . the diversion of private resources to public uses."¹² However, we shall proceed in our study as if taxes were a negative factor and expenditures a positive factor, except to note several instances where government expenditures may be perceived by the individual to be a negative benefit.¹³

Gillespie measures net fiscal incidence as the algebraic difference between aggregate expenditures and revenues, divided by the aggregate income¹⁴ of the various family income classes. The resulting measure is expressed as a percentage with the appropriate sign. On this point we disagree with Gillespie. We suggest that the incidence of a tax, taken to be total tax-payments as a proportion of the total income of the families in various income classes is only a valid concept for specific taxes. Once we are concerned with a taxing *and* spending public sector incidence as measured by a percentage is meaningless.¹⁵ We should concern ourselves with the *net position* of the families in any income class due to the existence of a government which both provides for social consumption and also redistributes income. We prefer to measure net incidence as the algebraic sum of the aggregate of government expenditures and revenues ("negative" sign) divided by the total number of families in the income class under consideration. In using this measure of net fiscal incidence we are independent of any definition of "income."

In evaluating the impact of government revenues and expenditures on Indians as compared to other citizens, we must be aware that the objectives of the public sector are at least twofold:

- a) the provision of collective goods and service--"Public goods," and
- b) the redistribution of income through both transfer payments and

¹²*Ibid.*, p. 5.

¹³c.f. Chapter 5, "The Administration of Justice."

¹⁴Income may be defined in many ways depending upon the theoretical bent of the individual, c.f., Gillespie, *op. cit.*, pp. 6-11.

¹⁵Primarily because of the arbitrary choice of the definition of "income."

the differential incidence of goods and services expenditures.¹⁶

In examining the total picture of the incidence of taxes and expenditures upon B.C. Indians we are looking at the final product of a complex process incorporating both of the two listed objectives of the public sector. We can only hope that our researches reflect the "true state of the world" and that they provide the basis for future policy (normative) decisions. In reviewing the results of past decisions we may be able to foresee the impact of future decisions.

The Plan of the Report

For purposes of exposition we have divided our report into two major parts. The first will examine the incidence of expenditures (or "benefits")¹⁷ by all three levels of government. We will present chapters on Education, Social Welfare, Health and Hospitalization, Community Development and Housing and others. In all of these chapters we try to determine the unit value of the various expenditures or calculate comparative *incidence rates*¹⁸ or break down the total expenditure for an activity on Indians and non-Indians.

In addition we devote a chapter to the nature of "Public" Goods. Expenditures by all levels of government on public or collective goods amount to almost one-half of all expenditures by the public sector in Canada. By their very nature we are unable to allocate such expenditures. During our discussion in these chapters it is frequently necessary to make strong assumptions. Where we have made such assumptions we have tried to make them *explicit*.

There are some general problems in doing a study of this kind which should be mentioned. The principal one is measuring the benefits of government expenditure and determining who it is that receives this benefit. We are attempting in this report to determine the incidence of public expenditure on a specific group of people (Indians) in a specific geographic region (B.C.). With the use of a quotation from an earlier study of Federal expenditures in the U.S., we will discuss two concepts of geographic distribution of the benefits of government expenditure:

Attempts to determine the location of those who benefit from federal outlays in terms of the program purposes or beneficiary groups

¹⁶ Redistribution is also carried out by progressive taxation policies combined with proportional or progressive expenditure programs.

¹⁷ "Benefit" from the point of view of the Indian.

¹⁸ This term is used extensively in the Social Welfare and Health and Hospitalization chapters, in which context it has the dictionary meaning of "manner of falling upon or affecting" instead of its meaning as a technical term in economics.

must be distinguished from attempts to determine the state into which the federal outlays flow, initially or over a longer period. In the beneficiary concept emphasis is placed principally on determining who benefits from services and where the beneficiaries are located. The principal questions which this type of estimate is intended to answer are "Who is served by the federal program?" "What is the program expenditure intended to do for, or on behalf of, people?" "Is the program intended primarily to help farmers, children, old folks, the gainfully employed, or the disabled?" The benefit approach thus traces federal expenditures to the recipients of the services and payments for which the federal programs are designed. In contrast, a dollar-flow approach is designed to trace the funds from their taxpayer sources to the recipients--federal employees, other individuals and families receiving welfare payments and benefits, holders of the public debt, and those who produce the goods and services which go into commodities purchased by the federal government. In a dollar-flow measure, military payrolls would be attributed to the states in which the payments are made to members of the Armed Forces. Under a beneficiary concept these payrolls would be considered as a part of the national security expenditures made on behalf of all citizens to protect our way of life. The national security program is not designed to benefit members of the Armed Forces--instead it calls upon a citizen army to serve in defense of the people of all states of the union.

The two measures accordingly serve different purposes and are useful for different kinds of analysis. While the dollar-flow measure is more familiar, some issues have been raised on the plausibility and usefulness of this approach, at least in connection with a similar problem, namely the allocation of federal expenditures to income groups. For example, John Adler wrote "The money-flow concept is, by implication at least, based on the assumption that the income of government employees, for instance, would be zero if the government did not employ them. This assumption is clearly untenable if we conceive of an economy as anything even vaguely approaching a general equilibrium system in which there are forces tending toward the elimination of such maladjustments as unemployment." On the other hand, Stauffacher, writing earlier on a similar problem of distribution of federal disbursements by income classes, rejected the benefit approach in favour of an attempt to evaluate income flows, because of the difficulty in placing a value on benefits. Cost necessarily is used as the measure of a benefit although the actual benefit may exceed, or be less than, the cost.¹⁹

We have for the most part attempted to follow the beneficiary approach. As we shall see in the chapters that follow the problems of disaggregation are severe. However, we believe that the results are worth the effort required to obtain them and the care necessary in their

¹⁹Selma J. Mushkin, "Distribution of Federal Expenditures Among the States," *Review of Economics and Statistics*, November, 1957, p. 436.

interpretation.

The second part of our report presents our analysis of the incidence of various taxes upon B.C. Indians. We devote major chapters to the Individual Income Tax, Property Taxes (with particular reference to the taxation of lessees and its effect upon the rents received by Indians), Estate Taxes and Succession Duties, the Corporate Income Tax and Sales and Commodity Taxation. While we have very detailed information on income taxes and property taxes, we are forced to examine corporate income taxes, estate taxes and succession duties, and commodity and sales taxes in theoretical rather than empirical terms.²⁰

We try to draw the two main threads of the report together in our Summary chapter. Here we review the major results of our investigation. We have not been able to "allocate" approximately one-half of the total expenditure by the three levels of government. We delineate those expenditures which we are unable to allocate specifically. Expenditures of this type are on what economists call "public goods."²¹ In the case of specific expenditures we eschew adding up to a grand total of (for example) per capita expenditures of Indians and non-Indians in B.C., because the problem is very much like the old problem of adding apples and oranges. The addition is quite simple, it is the interpretation of the totals that presents the problem.²²

We hope our readers will spend most of their time (as we did) on the analysis and results presented in the individual chapters on the various taxes and expenditures in preference to the (sometimes spectacular) single summary figure. We believe that this report represents an unusual situation in which the sum of the parts is greater than the

²⁰As we shall point out later, without a special survey of Indian consumer expenditures, *and* relatively strong theoretical assumptions, it is impossible to estimate the incidence of sales, excise and other commodity taxes on a specific group of people in the total population.

²¹Prof. P. A. Samuelson defines a purely *public* good as "one that must be consumed equally by all members of a collective group. If a unit is available to any one member of the collectivity, a unit must be, by definition, also available to each member of the group. The benefits are wholly indivisible with respect to the shares of the separate individuals." The standard example of a purely public good is national defense. This "good" is jointly consumed by *all* citizens; any one citizen's consumption does not impair the consumption of others. See James M. Buchanan, *Public Finance in Democratic Process*, Chapel Hill, Univ. of N. Carolina Press, 1967, p. 11-12 and P. A. Samuelson, "The Pure Theory of Public Expenditure," *Review of Economics and Statistics*, November, 1954, p. 387-389.

²²Because the Indians have special status with respect to taxation we do not think a meaningful comparison can be drawn by comparing per capita revenues for Indians and non-Indians in B.C.

whole--and not the more frequent situation in which the whole is greater than the sum of the parts.

We are conscious of the charge of Edmund Burke: "The age of chivalry is gone; that of sophisters, economists, and calculators has succeeded." With these words in mind, we have *not* felt free to draw strong conclusions based upon only a few of the many variables which must surely enter into any decisions about a people as diverse and complex as the Indians of British Columbia.

PART I

THE INCIDENCE OF PUBLIC EXPENDITURES ON THE
INDIANS OF B.C.

CHAPTER 1

EDUCATION

The most general provisions for the Department's policy regarding the education of Indians are contained in Sections 113-122 of the *Indian Act*. While these *de jure* provisions are couched in terms of "may," the *de facto* operations of the Education Division are much more extensive--Education is seen as a specific Federal responsibility to Indians.

Expenditures on Indian education have always bulked large in relation to total I.A.B. expenditures. Currently they represent about one-half of all I.A.B. expenditures. Table 1 gives some indication of their importance in recent years.

The best measure of the proportion of total B.C. expenditures taken up by Education is to be found in the fiscal 1966-67 data. We have adjusted the figures reported by the Regional Office so that they include *all* expenditures on education made in B.C. whether or not they are budgeted by the Region or by Headquarters in Ottawa. In 1966-67 over one-half (53%) of total expenditure by I.A.B. in B.C. was on Education. The pattern of expenditure shown in Table 1 may be puzzling--readers are referred to the notes accompanying the table for assistance in interpretation.

How successful has I.A.B. been in assisting B.C. Indians to achieve levels of education similar to other British Columbians? The 1961 Census provides the latest indication of the relative educational achievements of the Indians of B.C. as compared to the total B.C. population--Table 2. This table indicates that as of 1961, 15.4% of all Indians living on reserves had received no schooling. This proportion is ten times the average for all B.C. residents. However, when we look more closely we notice that it is the over 35 age groups which have the above average proportions of people with no schooling. This pattern can be likened to those observed in all *developing* nations in the world. As of 1961 65.7% of B.C. Indians living on reserves had achieved only an elementary education--compared to 32.1% for the whole province. As for advanced education the situation was even more disadvantageous to Indians. Some 8.4% of the B.C. population age 15 or over had some university education or a university degree, but only .4% of Indians living on reserves had achieved the same level. At first glance the results are indeed disturbing, but a closer analysis of just what the figures indicate results in the feeling that the table is a very close reflection of *past* neglect by the Branch rather than an indictment of present programs.

TABLE 1

THE GROWTH OF EXPENDITURES ON EDUCATION

	1963-64	1964-65	1965-66	1966-67	1967-68
Total I.A.B. Expenditure	\$55.6M	\$64.8M	\$81.6M	\$104.6M	\$118.7M ^o
Total Education	\$31.3M 56.4%	\$35.7M 55.1%	\$41.7M 51.2%	\$ 51.3M 49.0%	\$ 55.1 ^o 46.57%
B.C. Total Expenditure	\$10.5M	\$12.0M	\$14.99M [*]	\$ 18.6M [*]	\$ 19.4M ^{**}
B.C. Education	\$ 6.5M	\$ 7.0M	\$ 7.55M 50.5%	\$ 9.8M 53.0%	

* 1966-67 B.C. Statistics were compiled on a similar basis to 1965-66 from regional office and headquarters figures.

^o These are "budget" figures.

** The \$19.4M and \$7.0M figures represent the actual expenditures by the B.C. Region during 1967-68 but they do not include amounts spent in the Region included in the H.Q. budget, i.e., Residential schools and capital expenditures. The 1967-68 figures are comparable to those for 1963-64 and 1964-65.

Source: I.A.B. Annual Reports, 1963-64, 1964-65 and supplementary data provided by I.A.B., Vancouver.

TABLE 2^{*}

DISTRIBUTION OF POPULATION AGE 15 AND OVER, ATTENDING AND NOT
ATTENDING SCHOOL BY HIGHEST LEVEL OF SCHOOLING AND AGE
GROUPINGS--TOTAL B.C. POPULATION AND B.C. INDIAN
POPULATION IN PERCENTAGES**

Age Group	Pop. \geq 15 B.C. Indian	No School B.C. Indian	Elementary B.C. Indian	Secondary B.C. Indian	Some U. B.C. Indian	U. Degree B.C. Indian
Total	100%	1.5%	32.1%	58.0%	5.1%	3.3%
15 - 19	100	1.3	22.2	75.2	1.3	-
20 - 24	100	.6	16.0	76.0	6.2	-
25 - 34	100	.7	22.4	66.7	6.0	.1
35 - 44	100	.6	25.9	63.6	5.2	.2
45 - 64	100	1.8	38.6	51.3	5.0	.1
65 +	100	4.0	51.1	38.6	4.2	.1

* The absolute numbers from which this table is drawn are presented in Table A-1 in the Appendix.

** Note that these data are for the *on-reserve population only*.

Source: 1961 Census, D.B.S., Ottawa.

As we shall see in the pages that follow the present programs are aimed at setting right the past record and they are quite successful in doing so. Even by 1961 there is some evidence of the Branch's effort to upgrade the general level of Indian education--Table 3.

TABLE 3

*
NATIVE INDIAN AND TOTAL B.C. POPULATION
AGE 5-24 YEARS ATTENDING AND NOT
ATTENDING SCHOOL, 1961 CENSUS

Age Group	Total Pop.		Attending School		Percentage	
	B.C.	Indian	B.C.	Indian	Attending School B.C.	Indian
Total	530,233	18,172	360,173	10,318	67.9%	56.8%
5 - 14	322,350	11,073	274,550	8,432	85.2%	76.2%
15 - 24	207,883	7,099	85,623	1,886	41.2%	26.6%

* On reserve only.

Source: 1961 Census, D.B.S., Ottawa.

By 1961 we observe that 76.2% of Indian children aged 5-14 years were attending school, compared to 85.2% of all B.C. children in the same age group. For the 15-24 age group the proportion of B.C. Indians attending school is only 65% of the *proportion* of all B.C. residents in the same age group who are attending school. By 1966-67 we estimate that of the Indian population aged 5-24 years about 61% were attending school. This compares to 56.8% in 1961.¹

A further indication of the dramatic increase in the retention rate of Indian children in school beyond the elementary grades is provided in Table 3(a). During 1946-47 only 7% of all Indian children in school were enrolled in Grade VII or higher. By 1956-57 this proportion had increased to 13.4%. A decade later the proportion enrolled in Grade VII or higher was 26.5%. The next step is to increase, even more rapidly, the numbers of young Indians attending university. The importance of education to the future welfare of Indians should be obvious. Becker, Schultz and others have shown that the rate return for investment in human capital (education and training expenditures by and on behalf of

¹See Table A-2 and A-3 in the Appendix to this Chapter.

TABLE 3(a)

INDIAN EDUCATION - B.C. REGION

(Total school population by grades and showing comparisons at 5-year intervals over a 21-year period)

Academic Year	Kinder- garten	1	2	3	4	5	6	7	8	9	10	11	12	13	Spec. all Grades	Total
1946-47	-	1576	714	598	449	405	277	154	114	32	-	-	-	-	-	4,319
1951-52	-	1701	889	810	698	550	418	258	145	104	19	11	19	-	-	5,622
1956-57	143	1387	949	873	968	737	654	364	260	121	74	34	27	-	-	6,591
1961-62	489	1675	1377	1246	1125	1033	879	867	654	466	270	171	110	-	-	10,362
1966-67	543	1806	1492	1314	1137	1177	1081	966	752	566	358	218	100	11	516	12,037
1967-68	779	1956	1360	1310	1283	1106	1079	1017	876	609	399	223	132	8	329	12,466

Source: p. 11 of *Information and Statistics*, 1 Jan., 1968, The British Columbia and Yukon Region,
I.A.B., Vancouver.

individuals) is of the order of 10-15%.² Education is the key to success in the labour market and as Prof. S. Jamieson has pointed out effective participation in the labour market is the cornerstone of any policy to raise Indian incomes.³

The Cost of Education 1966-67

In this section we shall present data on the cost of educating B.C. Indians and analyze this expenditure by level of government and attempt to derive some *unit* costs by type of education. To obtain the total expenditure by I.A.B. on education in B.C. it is necessary to add to the B.C. region figures those expenditures made in B.C., but budgeted for by headquarters in Ottawa.

As we can see the federal government expended \$9.9M on Indian education in B.C. during fiscal 1966-67 (Table 4).

In order to determine unit costs it is necessary to match against these aggregate expenditures enrolment by type of school and residential accommodation of the pupils. The authors obtained several sets of enrolment statistics from Ottawa and from the B.C. regional office, but none of the figures were exactly coincident due to differences in definitions, administrative preferences and the exact time period covered. From these we have attempted to reconcile the competing sets of data in Table 5. A more detailed analysis of the Residential Schools' enrolment is provided in Tables A-4 and A-5 in the Appendix to this Chapter.

Table 5 and footnote (4) indicate that over one-half of B.C. Indian children living on reserves are now being educated in Provincial schools. In the future all Indian students proceeding beyond Grade VII will attend Provincial schools.

²Gary S. Becker, *Human Capital*, Columbia University Press, New York, 1964.

³See Chapters 1-9, "Economic Development of Indians" in *A Survey of Contemporary Indians in Canada*, by H. B. Hawthorn, Director, Ottawa, Department of Citizenship and Immigration, Indian Affairs Branch, 1966, Vol. I.

TABLE 4
FEDERAL EXPENDITURE ON EDUCATION
(I.A.B., B.C., only fiscal 1966-67)

Operations & Maintenance

General Admin. & Supervision	\$ 221,402
Education in Federal Schools	2,036,909
Education in Non-federal Schools	2,030,537
Trans. & Maintenance of Pupils	150,740
Vocational & Special Training	243,148
Operation of	
Residential Schools (hostel only)*	1,960,503**
TOTAL	<hr/> \$7,898,843

Capital

Equipment	\$ 151,531
Capital Construction*	988,123
Joint Schools*	871,645
TOTAL	<hr/> \$2,011,299 <hr/>

Capital & O & M \$9,910,142

* Obtained from Indian Affairs Branch.

** Kuper Island is estimated at \$140,000, all other residential schools are for 1966 calendar year--audited accounts net cost. The total includes \$127,000 for 141 pupils at \$830 p.a. for Christie Residential School owned by the Roman Catholic church. Teaching salaries, etc., are included in "Education in Federal Schools" category.

TABLE 5
ANALYSIS OF 1966-67 ENROLMENT

School Attended for Purposes of Instruction	Total Enrolled	Residence of Student while attending school		
		Living at home	Boarding out	Residential School Hostel
Federal Indian Day School	3,427	3,427	-	-
Parochial Schools	723	703	*	20
Provincial Schools	5,666**	4,201	602°	863
Federal Indian Res- idential Schools	1,686	191	-	1,495
TOTALS ⁴	11,502	8,522	602	2,378 [#]

* A few are boarding out but the exact number is unknown.

** 3,126 pupils are in Provincial schools subject to agreements between I.A.B. and the local school district, for the joint sharing of capital cost of construction.

° Obtained from a count of the applications accepted for the boarding home program.

[#] Non-Indian pupils attending Residential Schools have been eliminated.

Source: I.A.B. in Vancouver and Ottawa.

⁴ The Jan. 1, 1968 edition of *Information and Statistics* put out by the B.C. Region office gives the following enrolment figures for the B.C. and Yukon *Region*:

Indian Day Schools	3,576
In Indian Residential Schools	1,406
In Parochial Schools	1,225
In Provincial Schools	6,259
TOTAL	12,466
In Vocational Schools	904
In Secondary Grades (VII-XIII)	3,264
In Universities	47
In Boarding Home Program for Secondary School purposes	592

Indian Residential Schools

From Table A-5 in the Appendix we note that students may *live* in the Residential School hostel while attending provincial, Parochial, or the Residential School itself--or they may live at home while obtaining instruction in the Residential School. Fortunately, statistics are so maintained that we may separate out the costs of operating the hostel from those of operating the school (costs of instruction, supplies and maintenance of the classrooms). For the calendar year 1966 we present the per capita annual cost of operating the hostel part of the Residential Schools in B.C. (Table 6).

From the audited financial statements it would appear that "upkeep" is included in these costs, but apparently no provision is made for the amortization of capital costs. Therefore, these figures understate the total costs of operating the hostel portion of the Residential Schools. To these costs must be added the purely educational costs.

In I.A.B. accounts "Education in Federal Schools" includes the total costs of operating and maintaining *both* the Federal Day Schools and the classroom part of the Residential Schools.

1966-67 Education in Federal Schools (B.C. only)	\$2,036,909 ⁵
Instruction	1,404,436
Insp. by Prov. Insp.	2,467
School Facilities	329,360
School Committees	588
Other	300,561

Using the enrolment from Table 5 we obtain the annual per pupil cost of education in Federal Schools of \$398. Estimates made by the Indian Affairs Branch indicate that the average for all of Canada for Federal Schools was \$368 per pupil in 1966-67. If the difference in relative costs of operation between Residential Schools and Federal Day Schools is not too great, then we may say that every Indian child attending a Residential School and "living-in" receives a benefit (on average) in the amount of \$398 & \$789 = \$1,187. We hasten to add that provision for the amortization of capital should be made before the \$398 figure can be compared to the figures for the Province of B.C. and various School Districts. We estimate (on the basis of the B.C. School Districts' debt charges and total costs including Provincial administration) that *the annual per pupil cost of \$398 should be increased by about 10%.*⁶

⁵Note: The total does not equal the sum of the account sub-totals due to error in posting to the I.B.M. machine.

⁶In 1965-66 B.C. School District debt charges were \$23.8 million and total B.C. expenditure on grade school education including Provincial administration was \$191.2 million. In 1966-67 debt service amounted to \$27.3M and total expenditure to \$233.8M.

In using debt service costs we are assuming that debt-financed capital costs are amortized at least as quickly as ordinary depreciation methods amortize the original capital cost.

TABLE 6
COST OF OPERATING *HOSTEL* PART OF B.C. INDIAN
RESIDENTIAL SCHOOLS, 1966

School	No. of Resident Pupils	Annual per capita operating cost (Hostel only)
Sechelt	126	\$ 847
St. Georges	186	655
Mission	260	763
Lower Post	146	1,165
Lejac	177	830
St. Eugene	109	918
Kamloops	382	701
Cariboo	300	737
St. Michaels	160	899
Alberni	301	721
Kuper Island	122	n.a.
Christie*	141	830
AVERAGE**		789

* Enrolment is at June, 1967. The school is owned by the Roman Catholic Church which is paid a grant of \$830 per pupil per year for the hostel operation.

** Excludes Kuper Island.

Costs of Elementary and Secondary Education in B.C.--1965-66 and 1966-67

In this section we examine the latest data published in the Provincial *Public Accounts* and the *Annual Report* of the B.C. Department of Education for 1965-66 and 1966-67. We will deal with the costs and benefits of vocational, technical and university training in another section below. First a breakdown of total expenditure on elementary and secondary education in B.C. for fiscal 1965-66 and 1966-67.

At the bottom of Table 7 we have calculated the overall average annual cost per enrolled pupil for 1965-66 and for 1966-67. The cost was \$458 and \$503 respectively for the two years. The purpose of our calculations should be apparent.

TABLE 7

B.C. EXPENDITURE ON PRIMARY AND SECONDARY EDUCATION

	<u>1965-66</u>	<u>1966-67</u>
Administration	\$ 6,937,904	\$ 9,476,904
Teachers' Salaries	105,990,788	121,491,116
Other Instruction	8,533,376	10,468,922
Plant Oper. & Maint.	27,373,816	30,856,234
Conveyance of Pupils	3,475,895	4,009,393
Other Auxiliary Services	5,097,877	6,540,061
Non-operating Expense	881,562	914,527
Capital from Current Rev.	3,482,356	3,051,654
Debt Services	23,792,545	27,347,533
Total Expenditure by School Districts	<hr/> \$185,556,119	<hr/> \$214,156,354
Teachers' Superannuation Fund	\$ 4,339,349	\$ 4,635,407
Free texts etc.	994,408	774,885
Operation of textbook branch (including advance)	428,462	1,723,873
Inspection	866,359	1,138,349
Other	789,093	1,375,830
Total Provincial Administration	<hr/> \$ 7,337,200	<hr/> \$ 9,648,344
Grand Total Expenditure	<hr/> \$192,893,319	<hr/> \$223,804,697
Number of Pupils Enrolled	420,790	445,227
Average Daily Attendance	379,045	408,469
Average Annual Cost per Enrolled Pupil	\$ 458	\$ 503
Estimate of the average annual cost of education in Federal Day Schools and in Indian Residential Schools		\$398 - \$438 (see text)

Sources: Public Schools 95th Annual Report, 1965-66 in the Province of British Columbia, based on Calendar year 1965. Public Schools 96th Annual Report . . . B.C. Public Accounts 1965-66 and 1966-67.

Presently the I.A.B. pays \$250* per year to the Provincial Government (on behalf of the local School District) for each Indian pupil

*
Editors' Note: In 1968 under a new agreement the fee was

enrolled.⁷ In addition, the Branch has agreements with local School Districts with respect to the joint sharing of capital cost on a per capita basis. As of June 1967 over 3,000 of almost 6,000 pupils enrolled in Provincial Schools are covered by such agreements. These per capita capital grants are of the order of \$1,500 per Indian child enrolled in elementary school and \$2,500 per secondary school pupil. An example of a recent agreement between the Branch and a local School Board is the agreement with School District #27 (Williams Lake) for both the original construction of Columneetza Secondary School and an addition (gymnasium, cafeteria and community service building) contracted for in August 1967. The total cost to the Branch was \$384,134, and the number of Indian students was ninety. Therefore, the *per capita* cost amounted to \$4,268.⁸ In contrast the Ladysmith School District received a grant for an *addition* (three classrooms, library, activity room) to an elementary school at a per capita cost of \$1,489.

Before we begin to compare the I.A.B. contribution to the total costs of education in the B.C. Public Schools, we must adjust the total cost figures given in Table 7. These figures include provision for depreciation of capital equipment in the form of the Debt Service Charges. These Charges are incurred through the amortization of the serial bonds issued for capital construction by the School Districts. Until the past few years the debt was amortized over a 20-year period; it is now amortized over 25 years in many cases. However, officials in the B.C. Department of Education state that most school buildings have a useful life of 35-40 years. Therefore, total costs are overstated by about 4% to 5%.

For calendar year 1966 the B.C. Department of Education reports that \$1,155,225 was paid to the Department of Education for the benefit of School Districts in which Indians are enrolled.⁹ The original Agreement dated November 12, 1963 between the Minister of Citizenship and Immigration and the Minister of Education for the Province of B.C. provided for payments for "Canada's share of operating expenses at a rate of \$25.00 per month for each enrolled Indian child in attendance during that month in the elementary and secondary public schools in the

increased to \$533 per pupil per year, and this can be adjusted in accordance with the average cost of education in the province. The fee in 1970 is \$580.

⁷Table A-6 in the Appendix to this Chapter gives a list of the amount of the payments by I.A.B. to the various School Districts for the education of Indian children in 1966.

⁸We noted a slight error in the contract for the original construction. The fraction used to calculate the I.A.B. share was 90/400 whereas the total number of students was 490. The correct fraction for I.A.B., of course, was 90/490. Therefore, the correct per capita cost is \$3,405.

⁹See Table A-6 in the Appendix to this Chapter.

TABLE 8
EXPENDITURES BY SCHOOL DISTRICTS, 1965

District	1	2	3 = 1-2	4	5	6	7
	Total Cost	Provincial Grant	School District Operating Costs	Total No. of Pupils Enrolled	Total Cost per Pupil 1:4	Operating Cost per Pupil 3:4	Total Cost + 4% Prov. Administration Overhead*
Kamloops	\$ 4,191,622	\$ 1,819,372	\$ 2,372,250	9,765	\$429	\$243	\$446
South Cariboo	860,997	438,723	422,274	1,646	523	257	544
Howe Sound	982,864	98,095	884,769	1,822	539	486	561
Ocean Falls	652,456	61,775	590,681	1,088	600	543	624
Prince Rupert	1,353,487	295,759	1,057,728	3,522	384	300	399
Gulf Islands	349,688	15,778	333,910	581	602	575	626
Nanaimo	3,592,634	937,990	2,654,644	8,150	441	326	457
Alberni	2,605,240	521,056	2,084,184	6,600	395	316	411
Campbell River	1,787,255	104,038	1,683,217	3,815	468	441	487
Van. Island North	1,035,542	195,079	840,463	1,893	547	444	569
Vancouver	36,183,832	11,876,542	24,307,290	72,024	501	337	521
Total All School Districts	\$185,566,119	\$77,500,005	\$108,066,114	420,790	441	257	458

* 4% is derived in the following manner: \$192.9M - \$185.6M = \$7.3. Provincial administrative overhead, 7.3/185.6 = 4%.

Source: *Public Schools 95th Annual Report* in the Province of British Columbia, Superintendent of Education, Victoria, B.C., pp. F28-F34.

Province of British Columbia." Operating expenses are defined as "the balance remaining, after deducting grants payable by the Province, of the total annual expenses incurred in respect of the operation, administration and maintenance of all public schools within the Province of British Columbia and includes the cost of transportation normally provided by the respective School Districts in accordance with provincial regulations." Section 4(b) of the Agreement provides for the sharing of capital costs if "it is necessary that a school building . . . be added to or constructed," for the enrolment of Indian children. The Agreement came into force January 1, 1963 and Section 4(d) provided that the rates specified should remain in force for three years, i.e., until January 1, 1966. Since no new agreement has been negotiated, the terms of the original one are being adhered to in practice. Let us now examine ten School Districts with large numbers of Indian pupils enrolled and the Vancouver School District for comparison (Tables 8 and 9).

If we may conclude from our brief analysis of the Agreement between the Federal Minister of Citizenship and Immigration and the Provincial Minister of Education that the purpose of the Agreement was to effectively compensate local School Districts for *their* net average per pupil operating costs for Indian children enrolled in Provincial Schools --then the financial data would indicate that the Agreement has been successful (in covering the total operating cost) in *only two of the eleven School Districts examined* in 1965, although the average net cost per enrolled pupil in 1965 in *all* School Districts was \$257. This is very close to the \$250 per annum figure spelled out in the Dominion-Provincial Agreement. In 1966, however, the \$250 amount did not cover the School Districts' portion of the average annual cost per pupil in any of the eleven School Districts studied--see Table 9. In several cases the School Districts' portion is *double* the \$250 grant by the Federal government on behalf of Indian children.

It is generally thought that I.A.B. is responsible under the *Indian Act* for the full cost of educating Indian children. However, as we have pointed out at the beginning of the Chapter, the crucial wording in the Act, Section 113(1), is

The Governor in Council *may* authorize the Minister, in accordance with this Act, to enter into agreements on behalf of Her Majesty for the education in accordance with this Act of Indian children, with

- a) the government of a province
- b) the Commissioner of the Northwest Territories
- c) the Commissioner of the Yukon Territory
- d) a public or separate school board, and
- e) a religious or charitable organization.¹⁰

and in Section 113(2) "The Minister *may*, in accordance with this Act, establish, operate and maintain schools for Indian children." If I.A.B.

¹⁰Emphasis added.

TABLE 9
EXPENDITURE BY SCHOOL DISTRICTS, 1966

1	2	3	4	5	6	7
Total Expend.	Prov. Govt. Grants	Net Total S.D. Cost 1-2	Tuition Fees paid by I.A.B.	Total No. of Pupils Enrolled	Net S.D. Expend. per Pupil 1÷3	Total Expend. per Pupil including 4.5% Prov. Overhead
\$ 5,031,689	\$ 2,233,919	\$ 2,797,770	\$ 39,950	10,705	\$261	\$491
926,991	441,975	485,016	82,450	1,671	290	580
1,253,064	89,478	1,163,586	32,275	2,145	542	610
691,347	97,126	594,221	36,550	1,095	543	659
1,557,462	203,532	1,353,930	11,250	3,767	359	432
421,353	20,358	400,995	850	646	621	681
4,261,000	963,564	3,297,436	35,775	9,326	354	478
3,106,057	682,197	2,423,860	97,750	7,006	346	463
2,088,502	132,425	1,956,077	36,000	4,111	476	531
1,268,751	290,352	978,399	86,550	2,070	473	641
Vancouver	40,154,830	27,071,777	29,000	73,914	366	568
Total All S.D.	\$214,156,353	\$89,640,991	\$124,515,362	\$1,155,225	445,228	\$280
						\$503

Sources: *Public Schools 96th Annual Report* . . . Table A-6 in the Appendix to this Chapter.

(the Federal Government) is responsible for the *full* cost of Indian education (the quotations from the Act certainly do nothing to strengthen this point of view), then the \$250 p.a. paid by the Branch to the local School District must be compared to the figures in Column (7) of Tables 8 and 9. Column (7) includes 4% Provincial government administrative "overhead."¹¹ Compared to the TOTAL annual expenditure per pupil, including the Provincial "overhead," the \$250 p.a. covered only 37% to 58% in 1966. In terms of the Provincial average the Federal grant amounted to *one-half* the total expenditure per enrolled pupil in B.C. in 1966.

Before we go on to look at which level of government finances the total amount of money spent on Education in B.C., we must examine the implications of the contributions toward capital costs made by I.A.B. to local School Districts. In 1966-67 these contributions amounted to about \$875,000.¹² I.A.B. has been "buying places" for Indian children in Provincial schools by paying that portion of the costs of new construction which Indian children will make up in the total enrolment. To estimate these capital costs in annual terms, it is necessary to assume that Indian children will continue to occupy the places "purchased" by the Branch over the useful life of the school. If we make this assumption, we can state that the amortization of capital expenditure amounts to about 5-6% of the total annual per pupil cost in the Province. This must be kept in mind when a new Agreement is negotiated between the Federal and Provincial Governments covering the financing of Education costs.

Not only are we interested in the total cost of education, but we are also interested in determining exactly which level of government bears this cost. Table 10 presents the relevant data. Unfortunately, it is an amalgam of data for both fiscal and calendar years.

The results of the calculations performed in Table 10 are interesting. In 1965-66 55.5% of total public expenditure on public school education was financed by local governments. In 1966-67 local governments' share was 56.2%. The remaining portion of total expenditure was financed by the Provincial government. As we noted above, the \$250 p.a. paid by I.A.B. for Indian children attending public schools is *less* than the overall average cost per pupil per annum borne by the local School Districts. In 1966 the net cost to the School Districts was \$280--see Table 9. If the Federal government is financially responsible for the total cost of Indian education (and we do not suggest that it is), then currently the Provincial government is subsidizing Indian public school education by about \$223 per pupil per annum.

We have travelled some way to obtain the figures for a comparison

¹¹ See Table 7 for the figures from which this estimate was derived.

¹² Obtained as follows, Education in Non-Federal Schools \$2,030,537 Table 4 minus payments to School Districts \$1,155,225 (Table A-6 in the Appendix to this Chapter).

TABLE 10

ANALYSIS OF THE BURDEN OF TOTAL EXPENDITURE ON PUBLIC SCHOOL
EDUCATION IN BRITISH COLUMBIA

	1965-66	1966-67
Total Local Expenditures:	\$106,186,670	\$125,105,489
Expenditure on Education by Cities, Districts, Towns & Villages	75,117,878 ¹	84,720,554
Unorganized Territory Taxes under <i>Public School Act</i>	24,808,367 ²	29,574,389
School Districts:		
Previous Year's Net Surplus	921,855 ³	727,497
Current Capital Balances Applied	710,154 ³	662,444
Miscellaneous Revenue (applied to current exp.)	4,627,416 ³	6,420,605
Total Provincial Expenditure:	85,035,719	97,649,210
Grants to School Districts	77,698,519 ⁴	88,000,866
Provincial Administration	7,337,200 ⁵	9,648,344
Total B.C. Expenditure	\$191,221,389 ⁶	\$222,754,699
	100.0%	100.0%

¹For calendar year 1965, see *Municipal Statistics*, 1965, Dept. of Municipal Affairs, Victoria, p.55.

²From *Public Accounts*, fiscal year ended Mar. 31, 1966, Prov. of B.C., Victoria, p.15 (Vote 106).

³From *Public Schools 95th Annual Report*, Supt. of Education, Victoria, p.F34 (Calendar year 1965).

⁴From *Public Accounts*, see (2) above, p.15 (Vote 96).

⁵See Table 7 previously for detail and source.

⁶The reader will note that when we examined education costs in Table 7 prev. the total was \$192,893,319. The difference is due to the necessity to use figures for fiscal 1965-66 and calendar year 1965--e.g., for calendar 1965 total School Dist. requisitions for both Organized and Unorganized terr. amounted to \$101,806,686 & Govt. Grants amounted to \$77,500,005 (see *Public Schools 95th Annual Report*, p.F34).

The 1966-67 data were derived in an exactly parallel manner.

of the costs of Education in Federal Indian Day and Residential Schools with Provincial Schools. Despite our best efforts we are not comparing two like objects when we compare costs in public schools and in Federal Indian Schools. Enrolment in Provincial Schools for 1966-67 consisted of 150,010 pupils in Grades VIII-XIII (including Intermediate and Senior Special), out of a total enrolment of 445,228.¹³ This is approximately 33.5% of total enrolment. However, Indian Day and Residential Schools offer only Grades I-VIII, and we found that of over 5,000 pupils only 56 were enrolled in Grade VIII.¹⁴

Therefore, while 37% of the total number of Indian children enrolled in Provincial and Parochial Schools are in Grades VIII through XIII (and Special) as compared to 33.5% of the non-Indian children in the Province, virtually *all* of the children attending Federal Indian Day Schools and Residential Schools are in Grades I-VII.¹⁵ We have pointed out above that the capital costs per pupil are higher in secondary than in elementary schools. On the basis of some rather old data (1956-59), from only one School District (Victoria), we can give some *very rough estimates* of the relative average operating costs per pupil per annum.¹⁶

Relative Operating Costs

Elementary (Grades I-VI)	.60 - .65
Junior High (Grades VII-IX)	.95 - 1.00
Senior High (Grades X-XIII)	1.4 - 1.5
Overall Average	1.0

As the Indian children move from the elementary grades into high school and beyond, *costs per pupil will rise dramatically*.¹⁷ In addition, a higher proportion of Indian pupils will be attending and completing high school. This leads us to our next sections on post high school training and on university education.

¹³See p. F14 of the *Public Schools 96th Annual Report* . . . B.C.

¹⁴See Table A-4 in the Appendix to this Chapter.

¹⁵See Table 11.

¹⁶The reason why our data are based on such thin evidence is that currently most School Districts do not keep their accounting records in such a way as to determine the operating costs of specific schools.

¹⁷Only 21% of the number of Indian children enrolled in *all* schools in 1966-67 were attending Grades VIII-XIII. This is calculated as follows: 2,426 (2,389 in Provincial and Parochial Schools and 57 in Residential Schools) divided by total enrolment 11,502 (Table 5) in Indian Day Schools (3,427), Parochial Schools (723), Provincial Schools (5,666), Residential Schools (1,686).

TABLE 11
1966-67 INDIAN ENROLMENT IN PROVINCIAL SCHOOLS
(Includes 723 in Parochial Schools)

Grades	I-VII	VIII-XIII+Spec.	Total
E.D. 1 Prov.	661	653	1,314
Joint	<u>299</u>	<u>240</u>	<u>539</u>
Total	960	893	1,853
E.D. 2 Prov.	428	267	695
Joint	<u>819</u>	<u>388</u>	<u>1,207</u>
Total	1,247	655	1,902
E.D. 3 Prov.	621	355	976
Joint	<u>91</u>	<u>62</u>	<u>153</u>
Total	712	417	1,129
E.D. 4 Prov.	136	50	186
Joint	<u>340</u>	<u>107</u>	<u>447</u>
Total	476	157	633
E.D. 5 Prov.	19	73	92
Joint	<u>606</u>	<u>174</u>	<u>780</u>
Total	625	247	872
TOTAL	4,020	2,369	6,389
%	63%	37%	100%

Source: Indian Affairs Branch.

Technical and Vocational Training

Technical and vocational training have been growing in importance within the spectrum of publicly-provided educational opportunities. This is primarily due to the provisions of the *Federal Technical and Vocational Training Assistance Act* which enabled the Province to receive approximately 75% of the capital cost of technical and vocational schools from the Federal government. Under most programs the Federal government also paid about one-half of the operating costs. Even when the Act was amended in 1965, it provided for the Federal government to pay 67.5% of the capital cost, the Province 22.5% and the local School Board 10%. During fiscal 1965-66 the Province of B.C. spent a total of \$28.2M under the provisions of the Act. "Capital Expenditures, Training Equipment and Grants to School Districts" accounted for \$21.45M of the total Provincial

expenditure. The Federal government share of the total amount expended was \$18.55M.¹⁸ Because the Province has stopped (as of fiscal 1966-67) recording contributions received from other governments as offsets of gross Provincial expenditure, we are forced to go to Federal sources for more recent data which indicates the financial role of the Federal government in technical and vocational training. During 1966-67 the Province of B.C. spent \$25.6M, including \$19.5M in "constructing and equipping vocational schools and grants to school districts." Data provided by the Federal Department of Finance indicates that the Federal government paid the Province \$4.4M in operating grants and \$12.2M in capital construction grants for technical and vocational schools.

The most important programs from the point of view of B.C. Indians are programs 2 and 3. Program 2 consists of training in the technological field and is offered at the B.C. Institute of Technology. Enrolment for 1966-67 was 1,356 in day-school and 1,700 in the night school.¹⁹ With a total expenditure of \$2.5M²⁰ the cost per person is fairly high. During fiscal 1966-67 13 B.C. Indians were enrolled at B.C.I.T., two completed their course and ten were continuing. For fiscal 1967-68 12 were enrolled, two completed their course and ten were continuing. For these Indian students I.A.B. paid \$15 per month per enrolled student in fees. In addition, we are informed that the Indian Affairs Branch paid each trainee a subsistence allowance (\$75 per month), a personal allowance (\$20 per month), a clothing allowance (approximately \$100 per year) and a travel allowance (average \$50).

Program 3:

The bulk of vocational training programmes are conducted under this programme at many centres. Trade training and the equivalent in the areas of commerce and services, all at varying levels of advancement, is provided and aimed at equipping persons with a basic skill or improving an already acquired skill so as to enable persons to compete successfully in the labour market.

The Provincial regional schools are the backbone of this type of training, but a number of smaller courses are held as, when, and where required.²¹

During 1966-67 the enrolment in the Provincial Vocational Schools was as follows: Day classes 17,333; Night School 13,316. In addition, 21,832 persons were enrolled in night school programs in the School Districts. Total expenditure was \$3.2M in fiscal 1966-67. Even if we take

¹⁸See Vote 93 in the B.C. *Public Accounts*, 1965-66.

¹⁹See page F89 of the *Public Schools 96th Annual Report*

²⁰B.C. *Public Accounts*, 1966-67, Vote 93.

²¹*Public Schools 96th Annual Report* . . . B.C. page F89.

just the day school enrolment, it is obvious that the cost per pupil is quite small. For virtually all Indians enrolled in the Provincial Vocational School, I.A.B. pays fees of \$15 per month per student. Indian enrolment in Provincial Vocational Schools and in similar private schools²² has been rising as the data below indicate:²³

	<u>1965-66</u>	<u>1966-67</u>	<u>1967-68</u>
Enrolled	673	741	838
Completed	322	240	355
Continuing	186	331	311

Again many of the Indian students receive payments from I.A.B. for room and board, clothing, books and travel while they attend public or private vocational schools. During 1966-67 the B.C. Region spent \$243,147 on Vocational and Special Training allocated as follows:²⁴

Vocational Training	\$188,489
Univ. & Prof. Training	15,233
Other Adult Education	37,513
Scholarships	1,912

Fiscal 1967-68 shows a large increase in total expenditure which amounted to \$514,829. It is distributed as follows:

General	\$113,664
Univ. & Prof. Training	9,757
Vocational Training	108,000
Maintenance of Pupils in Post School Education Programs	283,417

Both the enrolment figures and the increase in expenditure between 1966-67 and 1967-68 would seem to indicate that young B.C. Indians receive very substantial benefits from the Branch while they undertake technical and vocational training. In *very rough terms*, the average benefit per enrolled student (in terms of the amount expended by I.A.B.) was about \$600. It is almost impossible to measure the benefit of such educational opportunities to the individual--only their future success or failure in the economic world will allow us to determine this.

²² e.g., the *Report* indicates that in 1967-68 13 Indians were enrolled in special flying classes.

²³ See the Tables in *Report* by the Vocational Training and Special Services Division, I.A.B., Vancouver (mimeo), for a complete listing of the nature of the courses.

²⁴ Both the 1966-67 and 1967-68 figures were obtained from I.A.B., Vancouver, "900 Year-end Financial Reports."

University Education

The rate of return upon the individual's and society's investment in human capital is substantial--most estimates place it at 12-15% for university-level education.²⁵ However, it comes as no surprise that *very few* B.C. Indians attend universities. During 1965-66 only 21 attended universities. By 1966-67 the number attending university had increased to 36 students.²⁶

If, for example, all of the students attending U.B.C. received the full financial support by I.A.B., the Branch would pay about \$1,400-\$1,500 per year on behalf of each student.²⁷ However, the expenditure by the Branch on behalf of each student covers only a *portion* of the total cost. In addition, the *total cost understates the benefit of being able to attend university* as we shall point out below. Discussions with I.A.B. personnel indicate that some confusion exists as to the Federal government's "responsibility" for the education of Indians--particularly with respect to university education. The fundamental question seems to be, "Does the Branch have a responsibility to fully support all qualified Indian students for as long as they wish to continue their education?" The policy is not clear. Educating an individual through four years at the university level represents an expenditure by the Branch of at least \$6,000.²⁸ The returns to the individual in terms of a higher lifetime income are *obvious*. The size of the "capital sum" is put in perspective when we consider that over 25% of the reserve population in February of the last three years was classified as being dependent upon social assistance.²⁹ The Provincial social assistance for a family of five amounts to \$200 per month--and this is only the direct, "out-of-pocket" costs. The facts of the *cycle* of poverty and social assistance are too well known to be repeated here except to state that post high school education and training represents a relatively less

²⁵ See, for example, Gary S. Becker, *op. cit.*, and also Gordon W. Bertram, *The Contribution of Education to Economic Growth*, a Staff Study for the Economic Council of Canada, Queen's Printer, 1965.

²⁶ See the *Report* by the Vocational Training and Special Services Division, I.A.B. (mimeo).

²⁷ We estimate maintenance for nine (9) months at \$900 to \$1,000. We add to this another \$500 for fees and books.

²⁸ Based on annual expenditures of \$500 (1968 U.B.C., average), books and supplies \$100, plus maintenance 9 months at \$100. We hasten to point out that when both *explicit* costs (fees, books, maintenance) and implicit costs (opportunities foregone in form of remunerative employment) are considered (e.g., Becker, *op. cit.*), a greater proportion of the total cost of higher education is borne by the individual than by any government.

²⁹ See Chapter 2 on Social Welfare for a more complete analysis.

expensive method, of not only preventing the "negative cycle" of poverty and despair, but also of, creating the positive cycle of education, income and taxpaying capacity. We strongly urge the Branch to unequivocally support all eligible Indians to obtain a university education.³⁰ The non-pecuniary rewards in the form of examples of the progress of Indian people (not mere tokenism) will bring hope and determination to thousands of others.

Total Costs of a University Education

The cost per full-time equivalent student (f.t.e.) for fiscal 1966-67 at U.B.C. amounted to \$1,544. This includes only operating expenditures out of the General Fund. Estimating the annual amount of depreciation applicable per f.t.e. student is particularly difficult. Based on official estimates of replacement value, and an estimated life of 40 years (perhaps a conservative life-time for many capital structures), we estimate that about \$168 per f.t.e. student must be added to the annual operating costs to give us a total cost of \$1,712 in 1966-67. An analysis of the University of B.C.'s revenues during the same fiscal year indicates that 45.4% of total *operating* revenue came from the Provincial Government, 22.5% from the Federal Government and 28.2% from student fees. It should be noted that under the "Federal-Provincial Fiscal Arrangements Act," passed in the Spring of 1967, direct Federal aid to universities will be discontinued in favour of the Province receiving an increased proportion of Corporate and Personal Income taxes. Therefore, the 1967-68 figures will not include the Federal Government as a *direct* source of revenue. In the case of U.B.C., the local government does not provide any financial support.³¹

During the five-year capital budget period ending in 1968, U.B.C. received approximately \$19M from the Provincial Government, \$1M from the Canada Council and about \$9M in private gifts. These figures do not include specific gifts and bequests such as H. R. MacMillan's recent gifts to the University.

Broad averages, such as those given above, hide a great deal of diversity in the average operating costs between different faculties and departments. Taking Arts, Commerce and Business Administration and Education as a factor of *one* the relative costs per f.t.e. student during 1966 are estimated in the table below. We have included the 1966-67 schedule of student fees as well, for comparison.

³⁰ We realize that in this study we were *not* asked to make recommendations. However, we feel so strongly on this matter that we had to advocate a specific policy for I.A.B.

³¹ The analysis in this section was derived largely from 1966-67 *Report of the President*, University of British Columbia, Vancouver, 1968.

Faculty or Department	Relative operating costs per f.t.e. student	U.B.C. fees 1968-69
Law	1.0	\$ 535
Agriculture (B.S.A.)	3.5	469
Pharmacy	3.5	457*
Science	1.5	457
Arts (B.A.)	1.0	457
Commerce	1.0	457*
Education	1.0	347
Medicine (M.D.)	5.0	673
Engineering	2.5	551
ESTIMATE OF AVERAGE TOTAL COST PER F.T.E. STUDENT (1966-67)		\$1,712

*\$457 first year only, subsequent years \$535.

We return to operating costs per student for a moment. Table 12, which has been prepared for the Canadian Association of University Business officers and D.B.S., gives an indication of comparative costs among universities in Canada. Of the thirteen universities listed, U.B.C. ranks 9th in 1966 expenditures per student and the University of Victoria ranks 10th. In comparison, the University of Alberta is first--the difference is over \$1,000 per student. We present the figures in Table 12 to give some possible indication of levels of expenditure which may be necessary in the future in the province of B.C. The costs of a university education are high and will certainly rise in both absolute and relative terms. Compared to the alternatives the cost does not seem to be "too high."

TABLE 12
UNIVERSITY COST PER STUDENT
with and without "Assisted Research"
Some Canadian Universities

University	C O S T P E R S T U D E N T			
	1965		1966	
	Without Assisted	With Research	Without Assisted	With Research
U. of British Columbia	\$1,497	\$1,793	\$1,761	\$2,094
U. of Victoria	1,504	1,533	1,738	1,777
U. of Alberta	2,456	2,748	2,857	3,230
U. of Saskatchewan	1,522	1,866	1,675	2,033
U. of Manitoba	1,606	2,067	1,581	1,984
U. of Toronto	2,427	2,991	2,826	3,470
York University	2,489	2,583	2,632	2,818
Queen's University	2,196	2,711	2,211	2,722
Western University	1,763	2,184	1,907	2,435
McMaster University	2,017	2,497	2,241	2,770
McGill University	1,626	2,419	1,914	2,920
Mount Allison	1,317	1,370	1,658	1,733
Dalhousie	1,769	2,172	2,104	2,542

Note: Comparable figures were arrived at by taking the "total "Ordinary Expenditures" as reported to D.B.S. and C.A.U.B.O. with and without reported amounts given for "Assisted Research." Enrolment figures were D.B.S. registration for years ended 1965 and 1966.

Source: (Canadian Association of University Business Officers).

APPENDIX
TO
EDUCATION CHAPTER

TABLES A-1 - A-6

TABLE A-1

LEVEL OF EDUCATION OF INDIANS*
ALL OF B.C. POPULATION 1961

Age Group	Pop. ≥ 15		No School		Elementary		Secondary		Some U.		U. Degree	
	B.C.	Indians	B.C.	Indians	B.C.	Indians	B.C.	Indians	B.C.	Indians	B.C.	Indians
TOTAL	1,026,989	20,552	15,956	3,155	329,610	13,508	595,440	3,823	52,124	54	33,859	12
15 - 29	36,055	3,958	460	55	8,012	2,433	27,118	1,468	464	2	1	-
20 - 24	86,205	3,141	542	103	13,746	1,982	65,541	1,039	5,308	17	1,068	-
25 - 34	210,696	4,667	1,459	349	47,245	3,494	140,500	807	12,665	15	8,827	2
35 - 44	221,958	3,143	1,239	401	57,568	2,401	141,170	324	11,590	12	10,391	5
45 - 64	306,847	3,981	5,620	1,230	118,540	2,573	157,276	167	15,228	7	10,183	4
65 +	165,228	1,662	6,636	1,017	84,499	625	63,835	18	6,869	1	3,389	1

* On reserve only.

Source: 1961 Census, D.B.S., Ottawa.

TABLE A-2

NATIVE INDIAN POPULATION 5 YEARS OF AGE AND OVER,
ATTENDING AND NOT ATTENDING SCHOOL, BY AGE,
BRITISH COLUMBIA, 1961 CENSUS

Age Group	Total	Attending School	Not Attending School
Total	31,625	10,370	21,255
5 - 9	6,228	3,901	2,327
10 - 14	4,845	4,531	314
15	799	648	151
16	839	510	329
17	837	342	495
18	765	186	579
19	718	98	620
20	708	46	662
21	719	21	698
22	649	25	624
23	548	3	545
24	517	7	510
25 +	13,453	52	13,401

Source: 1961 Census, D.B.S., Ottawa.

TABLE A-3

HIGHEST GRADE OF SCHOOL ATTENDED BY THE NATIVE INDIAN
POPULATION FIVE YEARS OF AGE AND OVER (INCLUDING
BOTH THOSE ATTENDING AND NOT ATTENDING)
BY AGE GROUPS, BRITISH COLUMBIA, 1961
CENSUS

Age Group	Population 5 years & over	No Schooling	E l e m e n t a r y		S e c o n d a r y			U n i v e r s i t y		
			1-4 ¹	5+	1-2	3	4-5+	1-4+	degree	
Total	31,625	5,322	10,531	11,766	2,755	607	578	54	12	
5 - 9	6,228	2,107	4,109	12	-	-	-	-	-	
10 - 14	4,845	60	2,039	2,629	117	-	-	-	-	
15 - 19	3,958	55	254	2,179	1,089	238	141	2	-	
20 - 24	3,141	103	371	1,611	626	173	240	17	-	
25 - 29	2,471	143	433	1,373	321	88	102	9	2	
30 - 34	2,196	206	504	1,184	224	38	34	6	-	
35 - 44	3,143	401	879	1,522	258	42	24	12	5	
45 - 54	2,296	553	859	751	83	22	22	4	2	
55 - 64	1,685	677	631	332	28	4	8	3	2	
65+	1,662	1,017	452	173	9	2	7	1	1	

¹Includes kindergarten.

Source: 1961 Census, D.B.S., Ottawa.

TABLE A-4

SUMMARY
INDIAN PUPILS IN DAY & RESIDENTIAL SCHOOLS
B.C. - YUKON
ENROLMENT BY AGE, GRADE & SEX
1966-67

	K	1	2	3	4	5	6	7	8	Boys	Girls	Total	Non-Indian	
													Bys	Gls Ttl
#1 South Coast	36	181	167	129	115	125	84	93	-	463	448	930	5	7 12
#2 Vancouver Island	57	184	151	129	92	106	109	74	39	486	455	941	5	9 14
#3 Southern Interior	26	179	137	136	108	119	94	100	-	466	433	899	4	7 11
#4 Northern Interior	27	110	88	81	48	46	40	22	15	239	238	477	10	8 18
#5 North Coast	163	297	254	230	160	188	157	132	2	828	755	1,583	34	31 65
Yukon	15	54	67	37	32	20	26	-	-	121	130	251	10	6 16
TOTAL	324	1,005	864	742	555	604	510	421	56	2,603	2,459	5,081	68	68 136

Source: Education Division records, I.A.B., Vancouver.

TABLE A-5

JUNE 1967
ENROLMENT

Residential School	Total # of Pupils Educated in Residential School	Live at Home Attend Res. Day School	Live in Residence Attend Provincial School	Live in Residence Attend Parochial School	Live in Residence Attend Residential School	Total Living in Residence
Mission	120	18	153	-	102	255
St. Georges	105	-	81	-	105	186
Sechelt	164	44	-	-	120	120
Christie*	145	-	-	-	145	145
Kuper Is.	156	34	-	-	122	122
Kamloops	278	50	135	20	228	383
Cariboo	204	-	101	-	204	305
Lejac	212	45	-	-	167	167
Lower Post	142	-	-	-	142	142
Alberni	-	-	291	-	-	291
St. Eugene	-	-	102	-	-	102
St. Michaels	160	-	-	-	160	160
TOTALS	1,686	191	863	20	1,495	2,378

*The only church *owned* school; however, all schools are operated by various churches.

Source: Education Division records, I.A.B., Vancouver.

TABLE A-6
TUITION FEES - INDIAN CHILDREN, 1966

School District No.	Name	Amount \$
1	Fernie	2,525
2	Cranbrook	7,925
4	Windermere	3,100
14	Southern Okanagan	5,400
15	Penticton	9,125
16	Keremeos	11,150
20	Salmon Arm	16,100
21	Armstrong-Spallumcheen	1,650
22	Vernon	11,050
23	Kelowna	12,475
24	Kamloops	39,950
25	Barriere	13,200
27	Williams Lake	20,025
28	Quesnel	1,575
29	Lillooet	44,525
30	South Cariboo	82,450
31	Merritt	31,125
32	Fraser Canyon	17,900
33	Chilliwack	21,875
34	Abbotsford	9,825
35	Langley	6,900
36	Surrey	15,775
37	Delta	4,250
38	Richmond	3,025
39	Vancouver	29,000
40	New Westminster	2,325
41	Burnaby	3,150
42	Maple Ridge	2,975
43	Coquitlam	2,750
44	North Vancouver	20,850
45	West Vancouver	2,375
46	Sechelt	12,000
47	Powell River	6,375
48	Howe Sound	32,275
49	Ocean Falls	36,550
50	Queen Charlotte	45,575
52	Prince Rupert	11,250
53	Terrace	48,300
54	Smithers	1,300
55	Burns Lake	11,275
56	Vanderhoof	1,225
59	Peace River South	7,175
60	Peace River North	2,525
61	Greater Victoria	6,150
62	Sooke	12,850
63	Saanich	11,325
64	Gulf Island	850
65	Cowichan	42,300
66	Lake Cowichan	1,400
67	Ladysmith	13,450
68	Nanaimo	35,775
69	Qualicum	5,925
70	Alberni	97,750
71	Courtenay	4,000
72	Campbell River	36,000
75	Mission	20,375
76	Agassiz	19,975
78	Enderby	9,525
79	Ucluelet-Tofino	18,175
80	Kitimat	21,800
81	Fort Nelson	3,425
82	Chilcotin	10,150
85	Vancouver Island North	86,550
86	Creston-Kaslo	2,025
87	Stikine	20,950
Un	Bamfield	2,350
		<hr/>
		\$1,155,225

Source: Department of Education, Victoria.

CHAPTER 2

SOCIAL WELFARE

More is spent on, and said about "the problem of social welfare" than almost any other of the I.A.B. programs. In this Chapter we shall try to determine the incidence of social welfare (as a benefit) in financial, geographical, and sociological terms. Next to Education (see Chapter 1), social welfare represents the largest demand upon the resources of I.A.B. Much of the impact of this Chapter is dependent upon a careful perusal of the various tables included in the body of the text and those filed in the Appendix to this Chapter.

We shall begin by looking at the gross expenditure by I.A.B. for 1966-67 and for 1967-68 for B.C. alone in Table 1.

The total expenditure of just over four million dollars in fiscal 1966-67 amounted to a little over 22% of the total I.A.B. expenditure in B.C. of \$18.6M. The 1967-68 expenditure of over \$6.5M on social welfare out of a total expenditure of \$20.4M (not including certain Education and capital expenditures allocated directly from Ottawa). In addition some \$80,000 was expended from Band Funds for social welfare during 1966-67.

We point out in our Chapter on Housing and Community Development that while I.A.B. pays the Provincial scale for Social Assistance (S.A.) for food and clothing, fuel, operating and sundries, the Branch does not often pay the shelter portion of the S.A. grant schedule as Housing is deemed to be provided for most residents on the reserve by the Housing program. Since the shelter portion averages one-third to 40% of the amount indicated as "total support" (see the Provincial scale in Chapter 4), total welfare costs would have to be increased by *at least* that proportion if I.A.B. was to provide the shelter portion under the "welfare" classification.

The amount recorded for Social Assistance in Table 1 includes reimbursement of the Provincial government for Social Assistance paid to those Indians living off the reserve, but who remain the financial responsibility of I.A.B. Indians who live off the reserve, but who have not been self-supporting for at least one year's continuous residence off the reserve remain the financial responsibility of the Branch. During 1966-67 the Provincial government "billings" amounted to approximately \$215,909. Before April 1, 1967 it was the practice of the B.C. Department of Social Welfare to bill I.A.B. for 50% and National Health and Welfare for the other 50% of the cost of Social Assistance paid by the province to Indians

TABLE 1

I.A.B. EXPENDITURE ON SOCIAL WELFARE
B.C. ONLY

	1966-67	1967-68
Administration*	\$ 20,851	\$ 27,636
Social Assistance	3,017,442	3,515,978 ^o
Care of Adults	35,435	48,973
Child Care	1,007,811	2,911,144**
Burials	26,944	28,720
Rehabilitation	9	1,568
Other	14,416	14,455
TOTAL	\$4,122,908	\$6,548,474

* Does *not* include the cost of administering the social welfare program at the Agency level. The branch employs only one full time professional social worker in the field (Fraser Agency), virtually all administrative costs are included in the Agency administrative costs.

** Includes \$688,353 spent during 1967-68 but shown as carried forward into 1968-69.

^o Estimate \$12,000 as expenditure by Yukon.

living off reserves (but not self-supporting for a period of one year). It is very difficult to determine just what each level of government pays in respect to Indian welfare costs. It is immeasurably more difficult to determine exactly how much each department made in payment. It would appear that while I.A.B. was billed for \$215,090 during 1966-67 (which was made up of \$198,196 plus \$17,713 for which I.A.B. was 100% responsible as some categories of assistance were not included under the Unemployment Assistance Act), the Department of National Health and Welfare paid to the Province of B.C. an additional \$198,196 for social assistance paid to Indians off the reserve. In other words, social assistance to B.C. Indians living off the reserve, but still the financial responsibility of the Federal government amounted to a total of \$414,105 in fiscal 1966-67. Beginning April 1, 1967 under the Canada Assistance Plan, the Provincial Government discontinued its practice of billing two Federal departments under the same program and began billing I.A.B. for 100% of the S.A. costs for Indians not living continuously off the reserve for a period of one year or not being self-supporting for a period of at least one year off the Reserve. Monthly billings during the period April to December 1967 have been averaging about \$38,000 per month.

The remainder of this Chapter will be divided into five sections. We will discuss in turn the incidence of social welfare dependency on

Indian Reserves in B.C., the incidence of social welfare dependency of Indians living *off* reserves, the problem of Indian children in the care of both the Provincial Department of Social Welfare and the I.A.B., Federal and Provincial transfer payments to Indians, and finally we shall examine how the burden of expenditures is financed by the three levels of Government. A great number of supplementary tables, filed in the Appendix to this Chapter, provided most of the "raw material" from which we prepared the summary tables included in the text.

Section I: SOCIAL WELFARE ON RESERVES

We begin with the obvious reminder that the *real* incidence of social welfare dependency *cannot* be measured in terms of dollars or the number of recipients of social assistance. Numbers are but a poor proxy to aid us in measuring the dimensions of individual and social tragedy. As Alfred Marshall pointed out long before the current interest in "human capital," human beings represent by far the largest and most important part of our wealth. When the measured incidence of social welfare dependency exceeds the numbers of persons who are too old, too young or physically incapable of productive work (at greater than "subsistence" wages), then almost by definition society is operating below its productive possibilities. The social loss is an aggregate of two major components. First, there is the loss of output foregone when employable men are idle. Second (and this is often forgotten), there is the "depreciation" of human skills and motivation caused by involuntary idleness. For most men their ability and skills *increase* when they are employed over time. Unemployment is not a neutral state, but a retrogressive state in which part of the human potential wastes away.¹

For our measure of incidence we have chosen the ratio of the total number of Social Assistance recipients to the total population on the reserve. The total number of recipients includes the head of the household to whom the allotment is paid and those persons (usually his wife and children) directly dependent upon him. We are measuring then the proportion of the total population on the reserve which is dependent (in whole or in part) upon the receipt of Social Assistance payments.

For some years now the Branch has performed an Annual Survey of Public Assistance during the month of February which is compiled at the Agency level. Since October 1966 the B.C. Regional Office has requested from each Agency on a *monthly* basis the following data:

- number of recipients,
- number of cases,
- number of unemployed employables, and

¹See Paul Jacobs, "Unemployment as a Way of Life," in Arthur Ross, editor, *Employment Policy and the Labor Market*, Berkeley, University of California Press, 1965.

- total monthly expenditure.

It is these sources that we draw upon in presenting our figures.

The incidence of social welfare dependency among Indians living on reserves is about *eight* times that of the general population of B.C. depending upon which set of figures one uses for the number of recipients and for the population living on the reserve. Table 2 shows that in February of 1966 from 25.4% to 29.4% of the on-reserve population were recipients of financial social assistance. We compare this to the Provincial average for March 1966 of 3.52%.² In February 1967 the proportion of Indians living on reserves receiving social assistance ranged from 24.9% to 30.9% (see Table 2). The Provincial average incidence for March 1967 was 3.85%.³ It seems apparent that despite general prosperity in B.C. in the past five years, the proportion of Indians living on reserves who are dependent on social assistance has not declined. Our "best" estimate of the incidence rate for February 1968 is 28%--again about *eight times the Provincial average*.

In order to place the incidence of welfare on reserves in B.C. in perspective, we present a summary of the regional incidence rates for the February 1966 Survey of Public Assistance conducted by Ottawa. The reader will notice that the population figure is the sum of both the on and off reserve population, whereas we have tried to determine separate incidence rates on the basis of residence. The importance of the table is that it provides an indication of the *relative* position of B.C. vis-a-vis the other regions. Except for Ontario, B.C. had the lowest incidence rate of any region in February 1966 (see Table 2(a)).

In terms of broad average costs per recipient the Provincial government spent approximately \$46 per person receiving social assistance during March 1966. The per recipient cost to I.A.B. during the same month was about \$27. Most of the difference in the two rates can be explained by two factors. First, while I.A.B. used the Provincial rate schedule, it *does not pay the shelter portion* of the social allowance scale. This amounts to at least one-third of the usual Provincial grant (see the Chapter on Housing). Second, the Provincial scale is designed so that for each succeeding member of the recipient household a smaller per person allowance is paid. Our evidence indicates the average Indian family on the reserve is larger (by about one person) than the average non-Indian family on social assistance. Consequently, their social assistance per recipient will be smaller.

Since broad averages often conceal more than they reveal about their individual components, we must now examine the incidence of social assistance by Agency. With only a few exceptions (North Coast, Babine,

² Calculated from the B.C. Department of Social Welfare, *Annual Report 1965-66*, Queen's Printer, Victoria, 1967.

³ *Ibid.*

TABLE 2
ON RESERVE SOCIAL ASSISTANCE
(% of population receiving S.A. in Feb. 1966, 1967, 1968)

Agency	1 See Notes & Sources	2	3	4	5	6	7
Babine	11.6	13.0	13.6	14.5	17.3	29.8	29.7
Bella Coola	32.1	33.3	28.2	38.1	24.4	34.9	35.0
Burns Lake	37.5	42.5	36.9	38.0	43.9	44.0	49.2
Cowichan	37.2	40.1	43.8	46.3	48.9	48.9	45.0
Ft. St. John	5.7	6.8	7.5	4.3	10.1	5.9	6.7
Fraser	27.5	30.4	30.5	34.0	33.6	26.0	38.8
Kamloops	18.7	23.7	20.6	18.0	22.4	12.0	14.8
Kwakwewlth	10.1	12.3	12.6	17.0	20.3	15.2	16.2
Koot.-Okan.	15.6	18.4	20.0	15.5	18.2	17.0	18.8
Lytton	40.4	45.7	39.0	55.0	51.7	55.0	49.5
Nicola	41.7	45.4	46.4	31.5	36.5	36.5	37.4
North Coast*	26.8	32.5	30.5	17.7	17.5	17.0	16.2
Stuart Lake	43.7	56.7	56.6	30.0	36.9	39.4	41.0
Terrace	14.7	17.7	16.6	17.3	20.6	21.0	18.6
West Coast	16.5	22.8	31.6	7.2 ^o	50.7	10.8	18.2
Williams Lake	20.6	22.7	18.1	20.9	27.0	23.9	24.0
B.C. Average	25.4	29.4	27.2	24.9	30.9	27.5	28.0

** Figures amalgamated to represent Agencies as of June 1968.

^o Ottawa reports 171 recipients, B.C. Region 829 recipients.

* North Coast - Skeena River + Queen Charlottes (very different rates).

¹ Survey of Public Assistance, Feb. 1966, Ottawa--using their own population (resident band mebrsp.).

² Survey of Public Assistance, Feb. 1966, Ottawa--using the number of recipients in the Survey,

divided by Jan 1, 1966 on-reserve population as determined by I.A.B., Vancouver.

³ Feb. 1966 incidence rate as calculated by Regional Office, I.A.B., Vancouver, from mnthly. stats.

⁴ Same as (1) for Feb. 1967.

⁵ Same as (3) for Feb. 1967.

⁶ Same as (1) for Feb. 1968.

⁷ Same as (3) for Feb. 1968.

TABLE 2(a)
I.A.B. SURVEY OF PUBLIC ASSISTANCE
February 1966

	Population	Number of Welfare Recipients	%
Maritimes	8,495	3,832	45.1
Quebec	25,083	6,949	27.7
Ontario	50,608	7,096	14.0
Manitoba	31,009	13,734	44.3
Saskatchewan	31,297	16,592	53.0
Alberta	25,396	8,280	32.6
B.C. & Yukon	46,610	9,889	21.2
Dist. of Mackenzie	5,738	1,355	23.6
TOTAL	224,236	67,727	30.2

Burns Lake) the *rankings* of the agencies by percentage of on-reserve population receiving social assistance have remained remarkably stable in the three-year period February 1966 through February 1968. (Our best estimates are contained in columns 3, 5, and 7 of Table 2.) More interesting is the very great range of incidence rates between the Agencies. They range from 6.7% in Fort St. John⁴ to over 49% in Lytton in February 1968--see column 7 of Table 2. In order to obtain a better picture of the relative incidence by Agency, we have prepared Table 3 which averages the monthly data for the period January to December 1967 inclusive. Both the wide range of incidence rates and their stability of rank can be observed.

While we have not been asked to inquire into the reasons for the high rates of dependency, we did look briefly at the relationship between the number of recipients and the number of "unemployed employables."⁵ When we plotted on a "scatter-gram" the number of unemployed employables against the percentage of the total population on the reserve who are recipients of social assistance for the month of February 1966 and for the monthly averages for calendar year 1967, we obtained evidence of a positive relationship. While a positive relationship is evident, the visual fit is sufficiently poor that it did not warrant more formal

⁴It is surprising to note that in the Fort St. John area during February-March 1966 the Provincial rate of dependency *exceeded* the rate for Indians living on reserves.

⁵The number of persons falling into this category is determined by the individual at the Agency who completes the monthly or annual survey statistics--no definitions are provided.

TABLE 3

B.C. REGION MONTHLY SURVEY OF SOCIAL ASSISTANCE
JAN.-DEC. 1967 (AVERAGED)

	Jan. '67 on-reserve Pop.	Avg. No. Recipients	% of on- reserve pop. dependent on s.a.	Avg. No. cases	Avg. case size	Avg. No. Un-Emp. employables	Unempl. as % of cases	Monthly Avg. Expen- diture	Per capita cost	Pop. on reserve Jan. 1/68
Babine	2083	400	19.2	107	3.75	23	21.5	\$10,101	\$24.80	2242
Bella Coola	1861	382	20.5	102	3.75	86	84.5	9,976	26.93	1895
Burns Lake	686	290	42.3	81	3.6	13	16.1	7,570	26.30	708
Cowichan	3515	1617	45.9	425	3.8	269	61.0	45,428	28.15	3640
Ft. St. John	544	46	8.5	17	2.7	2	11.8	1,260	27.45	593
Kamloops	1410	283	20.0	77	3.7	19	24.8	7,947	28.26	1655
Kwakwaka'wakw	1986	334	16.9	100	3.3	21	21.0	8,683	26.65	2002
Lytton	1692	738	46.1	213	3.5	78	36.5	21,758	29.35	1728
Nicola	1028	361	35.1	115	3.2	29	25.2	10,069	27.74	1038
Kootenai-Okan.	1815	314	17.2	108	2.9	7	6.5	9,493	30.26	1803
North Coast	2798	499	17.7	161	3.3	16	10.0	16,133	32.50	2939
Stuart Lake	1689	703	40.7	196	3.6	33	16.8	16,458	23.41	1771
Terrace	1575	256	16.2	77	3.3	6	7.8	7,486	29.73	1772
Fraser	5219	1615	30.9	378	4.0	235	62.5	46,083	28.54	5191
West Coast	1634	684	41.6	209	3.3	96	46.0	22,528	33.50	1702
Williams Lake	2570	517	20.0	173	3.0	27	37.0	15,343	30.02	2726

* North Coast = Skeena River + Queen Charlottes Agencies.

Source: Social Welfare records, I.A.B., Vancouver.

methods--the calculation of the correlation coefficient. It seems apparent that a univariate model can explain only a small part of the variation in the incidence of social assistance. Multiple regression techniques are called for.

In addition to the variation in the rates of incidence we note (in Table 3) that there is considerable range in the average case size. The range is from 2.7 persons in Fort St. John to 4.0 persons per case in the Fraser Agency. The average case size in turn contributes to the overall incidence rate as we have measured it.

Various additional tables have been prepared to assist the readers of this report in making a more detailed examination of "the welfare problem." Table 3 summarizes a number of important indicia as averaged from the monthly returns for January through December 1967. Table 4 presents the monthly incidence rates for 1967 by Agency. In calculating the percentage rates we utilized the population living on the reserve as at January 1, 1967 as our denominator. Therefore any variation in the percentages is seasonal variation due to the varying number of recipients. Similarly in Table A-1, in the Appendix to this Chapter, we present the number of cases reported monthly during 1967 by each Agency.

Table A-2 in the Appendix to this Chapter serves a pedagogical purpose. As we have pointed out above in our discussion of Table 2, the calculation of the social assistance incidence rate depends upon the figures used in *both* the numerator and the denominator. For the denominator we may choose from two different sets of figures. For the purpose of the Survey of Public Assistance each February, Ottawa provides (for each Agency) the "resident band membership." Alternatively, the B.C. Regional office prepares an annual census by Band and by Agency of the number of Indians living on and off reserves. In virtually all Agencies the Ottawa on-reserve population is larger than that calculated by the B.C. Office. More important are the often large discrepancies in the total number of recipients reported by the Agency to Ottawa (the Survey of Public Assistance) and to the B.C. Regional Office. For exactly the same month--February--Table A-2 gives some indication of the size of the difference in figures reported. The most obvious example can be found in the February 1967 report for the West Coast Agency. To the B.C. Regional Office the Agency reported 829 recipients (which appear to "fit" in the context of the preceding and succeeding month's figures), and for the Ottawa Survey, West Coast reported 171 recipients. A closer look at the form completed for Ottawa showed several obvious inconsistencies, e.g., more heads of households than total recipients. Another sharp difference can be found in the returns reported by the Fraser Agency for February 1968. On the monthly form submitted to the Regional Office 2,008 recipients are reported, but only 1,541 recipients are recorded on the form submitted to Ottawa. Small discrepancies such as those reported (in Feb. 1968) by the Burns Lake, Kwawkwalth, Nicola or Stuart Lake Agencies are "believable" in that two separate counts at different times in the same month could quite easily result in differences of the observed magnitude, since it is possible for individuals and families to receive assistance for only part of a month and hence appear on the

TABLE 4
MONTHLY INCIDENCE OF SOCIAL ASSISTANCE 1967
(total recipients as a % of on-reserve population Jan. 1, 1967)

Agency	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Babine	16.1	17.2	17.5	18.4	17.9	17.5	13.9	10.8	17.3	23.1	26.5	33.5
Bella Coola	21.4	24.3	25.0	24.1	23.5	18.1	6.3	5.6	6.6	14.8	31.7	43.6
Burns Lake	45.0	43.8	45.4	54.2	52.6	44.6	40.8	36.2	33.3	29.5	38.6	43.7
Cowichan	47.6	48.9	49.4	50.6	50.8	41.0	43.1	47.5	46.2	46.2	38.4	42.0
Fort St. John	9.1	10.1	6.9	8.6	10.2	8.0	8.4	7.7	6.9	7.1	9.0	10.1
Kamloops	22.6	22.4	27.3	21.4	17.1	17.5	20.2	18.7	16.0	18.8	16.0	22.2
Kwawkwalth	22.7	20.2	18.5	18.8	22.1	17.0	11.4	12.8	10.5	17.0	13.4	22.0
Lytton	54.6	51.6	48.3	46.2	47.3	46.3	35.5	48.0	36.4	30.4	35.4	43.2
Nicola	38.2	36.4	34.0	35.3	34.6	30.8	30.7	40.1	37.7	31.4	30.8	41.2
Koot.-Okanag.	18.0	18.1	18.1	19.9	18.6	14.2	13.4	15.3	14.9	16.3	18.0	22.4
North Coast	16.6	17.5	20.3	20.4	21.6	18.3	15.2	16.7	16.0	16.7	18.5	15.4
Stuart Lake	37.2	36.9	39.3	45.1	44.5	46.4	41.5	45.6	47.2	21.9	48.1	45.3
Terrace	23.4	20.5	16.1	25.5	13.1	14.8	13.0	14.8	13.2	11.5	13.7	15.1
Fraser	34.4	33.6	34.0	33.2	33.5	29.7	27.0	28.0	27.0	26.0	31.1	33.2
West Coast	34.0	50.7	49.8	41.7	49.8	53.4	50.0	53.9	20.4	23.0	41.5	32.0
Williams Lake	23.2	27.0	24.3	24.4	17.2	18.3	15.7	16.6	16.2	20.3	18.4	19.5

Source: Social Welfare records, I.A.B., Vancouver.

rolls at the beginning or the end but not both. If policy decisions are to be based on "facts," then it is imperative that the "facts" be as accurate as possible. In some agencies welfare records are inadequate.

At the beginning of this section we pointed out the differences between Provincial and I.A.B. benefits paid and two of the most important reasons why this is so. Now we must point out an even more important difference between the Branch's social welfare program and that provided by the Provincial Government to the other citizens of the Province. Broadly speaking, the Social Welfare program of the Province consists of two parts. The first is a professional service to individuals and families who manifest personal and social problems. The second part is the provision of financial assistance to those in need. With the exception of a single professional social worker in the field, the Indian Affairs social welfare program is restricted to the provision of financial assistance to those in need. The importance of this difference cannot be measured in purely financial terms, i.e., in the cost of the professional service foregone. In any well-developed social welfare program, the emphasis is in fact placed upon the effective provision of professional services to those who need help. Financial assistance is seen as a means (not an end) to help individuals and families become independent and self-sustaining again.

In terms of the total costs of the Provincial Department of Social Welfare the salaries of the professional staff amount to only about 5% of the gross costs,⁶ but in terms of assistance rendered, the benefits are far greater. During fiscal 1966-67 the Provincial Department employed an average of about 350 social work staff, one-third of whom possessed a Social Work Diploma or higher formal qualifications.⁷

Some indication of the dimensions of the need for the provision of professional social work assistance to Indians can be found in the Special Survey carried out at the authors' request during September and December 1967 by the Provincial Department of Social Welfare. For these two months every social worker in the field in B.C. was requested to examine his total case load in each of nineteen categories of financial or professional assistance and report the number of "registered" Indians, both on and off reserve, receiving services. (A more detailed examination of the results of this survey will be presented in the section following "Off-reserve Social Welfare.") The survey found that the Provincial Department of Social Welfare had in its caseload 100 Family Service cases⁸ at the month's end in September and 225 such cases at

⁶See p. H97 of the Department of Social Welfare *Annual Report*, for the year ending March 31, 1967.

⁷*Ibid.*, p. H64.

⁸*Family Service* is defined as follows: "Is one, not opened in another category, where a casework service is actively provided for the purpose of strengthening and preserving home relationship, improving

month's end December 1967 for Indians living *on* reserves. These numbers represent about 10% of the total Provincial Family Service caseload. To these totals should be added 22 cases in both September and December under the category "Unmarried Parents." As we point out in the section that follows, the Province is reimbursed for financial assistance to Indians living off the reserve for a period of less than one year, but does not receive *any* payment for these professional services provided *on* the reserve which (apparently) are the responsibility of I.A.B.

Another indication of the need for professional social welfare services to Indians is indicated by the fact that the Special Surveys showed that there were 155 Family Service cases for Indians living *off* the reserve in September 1967 and 134 at month's end in December of the same year. The comparative incidence can be seen in the figures below:

Month ending	Family Ser- vices Cases	Popu- lation Jan. 1 1968	Inci- dence Rate	Family Ser- vices Cases	Popu- lation Jan. 1 1968	Inci- dence Rate
September 1967	199	33,853	.587	155	11,331	1.367
December 1967	225	33,853	.664	134	11,331	1.182

Even on-reserve Indians are receiving some casework services from the Provincial Department of Social Welfare. Off the reserve, where Indians have full access to professional social welfare services, they make even more use of them.

Section II: OFF-RESERVE SOCIAL ASSISTANCE

In terms of financial responsibility I.A.B. bears the burden of social assistance payments made by the Province to registered Indians who are living off the reserve, but who have not been self-supporting for a period of one year. Once an individual Indian (or family) who has been living off the reserve on a self-sustaining basis for one year or more requires social assistance, they are the financial responsibility of the Province. This is the result of an agreement between the Federal and Provincial governments. Since there is frequent "turnover" in the

social functioning within the community, and bettering health and living conditions." It will include those cases previously defined as "Protection" (a family involved in Court action under *Protection of Children Act*) and "Special Child Service" (relating to *Legitimation Act*, *Equal Guardianship of Infants Act*, and repatriation of a minor or unmarried mother).

off-reserve population, the number who are established off the reserve and who have been self-sustaining for at least twelve months is relatively small. Since we do not actually know the number of Indians who fall into this category (we shall make some inferences later on), the calculation of incidence rates is somewhat complicated.

However, our data, based on the Special Surveys in September and December 1967 and in June of 1963, along with the monthly "chargebacks" to I.A.B. from the Department of Social Welfare in Victoria, provide us with evidence that the incidence of *social assistance among off-reserve Indians is at least as great as it is among on-reserve Indians* and hence about eight times the Provincial average. Although the Provincial Department of Social Welfare caseworker's files include nineteen categories of social welfare services (see Tables A-3 and A-4 in the Appendix to this Chapter), we shall concentrate on the Social Allowance categories for which over 85% of the Gross Social Allowance costs as per the Public Accounts are expended.⁹ These categories are: Single Person, Couple, Two-parent family, One-parent family, and Child with relative.

In order to continue to use the same measure of incidence (total number of recipients/total population), it was necessary to determine some "weights" for two of the categories (two-parent family and one-parent family), as the data available to us specified only the number of *cases* in each social assistance category and the *total* number of recipients in all five social assistance categories.

First, the global rate of incidence of social assistance to Indians living off the reserve (but the financial responsibility of I.A.B.). The B.C. Regional Office estimates that about 11,534 Indians were living off the reserves at Jan. 1, 1967. The incidence rate averaged for the months of March, April, and May, 1967 based on the January 1967 population is 8.7% of the off-reserve population. In contrast, the comparable Provincial average incidence rate as calculated at the end of March 1967 was 3.85%. In other words, the incidence of social assistance issued to Indians living off the reserve (less than one year self-sustaining) is two and one-quarter times the overall Provincial average.

The reader will recall that at the beginning of this Section we suggested that overall the incidence of social assistance among the off-reserve population is as great as among the on-reserve population. In the figures quoted above we are dealing only with the incidence rate calculated on the basis of Indians *living* off the reserve who remain the financial responsibility of I.A.B.¹⁰ To this rate we must add the incidence of social assistance among Indians living off the reserve who are

⁹ See page H65 in the B.C. Department of Social Welfare *Annual Report*, for the year ended March 31, 1967.

¹⁰ Note that our denominator in calculating the incidence rate is the *total* number of Indians living off the reserve, not the correct

no longer the financial responsibility of the Federal Government. Unfortunately, we cannot measure this incidence directly as we have been able to do in the case of the rates quoted above. However, we do have the results of the Special Surveys of September and December 1967, and the monthly record of "charge backs" to I.A.B. for reimbursement of social assistance payments made by the province to Indians living off the reserve but still the financial responsibility of the Federal Government. The "charge backs" give rise to the information in Table 5 which shows the number of cases, total number of recipients, and the total cost for each of the eight Provincial Social Welfare Administrative Regions.¹¹

Table 5 shows 383 cases and 1,117 recipients for September and 414 cases and 1,143 recipients for December 1967. However, the Special Surveys for these two months report 1,022 *cases* at September's month-end and 1,373 *cases* at December's end. These are the number of cases in the five social assistance categories of Indians living off reserves serviced by the Provincial Department of Social Welfare--see Tables A-3 and A-5 in the Appendix to this Chapter. Since the Summary sheets did not give the total number of recipients, we have estimated these numbers ourselves. To estimate the total number of recipients, we applied a set of weights for each category developed from additional data on the Provincial Welfare Caseload and from *other* data on the size of Indian social assistance cases.¹²

The Special Surveys of September and December 1967 recorded the number of cases in each of the five social assistance categories--but did *not* record the total number of recipients. So we shall apply the "weights" derived (in footnote 12) to calculate our estimate of the proportion of persons living off reserves who were recipients of social assistance--see Table 7.^{12a}

figure of the number living off the reserve for a period of *less than one year*. We are unable to determine this number.

¹¹For purposes of rough comparison only, the various Indian Agencies have been grouped by Social Welfare Region:

<i>Region I</i>	<i>Region III</i>	<i>Region IV</i>	<i>Region VII</i>	<i>Region VIII</i>
Cowichan	Kamloops	Kootenay	Babine	Fort St. John,
Kwawkewlth	Lytton		Burns Lake	Yukon - B.C.
West Coast	Nicola	<i>Region V</i>	Terrace	Portion
	Okanagan	Bella Coola	North Coast	
<i>Region II & VI</i>		Williams Lake		
Fraser		Stuart Lake		

¹²For example, as of March 31, 1967 we know there were 73,846 total recipients of Social Assistance distributed in the five categories

TABLE 5

SOCIAL ASSISTANCE ISSUED TO INDIANS LIVING OFF-RESERVE
BY THE PROVINCE OF B.C. BUT WHO ARE THE
FINANCIAL RESPONSIBILITY OF I.A.B.,
SEPT. AND DEC., 1967

Provincial Social Welfare Region	Cases	Reci- pients	\$	Cases	Reci- pients	\$
I	110	330	13,765	151	448	17,743
II	16	56	2,900	16	48	2,132
III	35	103	4,050	42	109	4,352
IV	1	1	20	2	2	45
V	43	103	2,611	23	42	2,160
VI	62	220	8,186	67	213	8,900
VII)	116	285	9,580	109	266	11,307
VIII)		19	768	4	14	803
Total	383	1,117	\$41,880*	414	1,142	\$47,441

* The individual amounts when added totalled \$41,880 rather than \$32,644 on the copy of the records given to us.

Source: B.C. Dept. of Social Welfare, Victoria, B.C.

as follows:

	No. of cases	"weights"	No. of persons using the "weights"
Single person	18,119	1	18,119
Couple	1,669	2	3,338
Two-parent family	4,896	4.8	23,501
One-parent family	7,436	3.8	28,357
Child with relatives	767	1	767
			<u>73,982</u>

Source: B.C. Dept. of Social Welfare *Annual Report*, for the year ending March 31, 1967, pp. H61, H68.

After some experimentation the "weights" as recorded in the table above were worked out to give the best fit between the recorded total number of recipients (73,846) and the total number of persons (73,982) as calculated by applying the weights to the number of cases in each of the

TABLE 7

ESTIMATION OF INCIDENCE OF SOCIAL ASSISTANCE ISSUED TO
INDIANS LIVING OFF-RESERVE, SEPT., DEC., 1967

	(1) Prov. Weights	(2) Indian Weights	Off-Reserve No. of cases Sept. 1967	No. of persons using (1) "low estimate"	No. of persons using (2) "high estimate"	Off- Reserve Cases Dec. 1967	No. of persons using (1)	No. of persons using (2)
Single person	1	1	360	360	360	507	507	507
Couple	2	2	39	78	78	75	150	150
2 parent family	4.8	5.5	188	902	1,034	278	1,334	1,529
1 parent family	3.8	4.5	281	1,068	1,265	366	1,277	1,512
Child with rltvs.	1	1	154	154	154	177	177	177
Total number of persons				2,562	2,890		3,445	3,875

Source: See Tables A-3, A-5 in the Appendix to this Chapter and footnote 12.

Now, using the total number of persons who were recipients of social welfare, we obtain quite different results for the incidence of social assistance paid to Indians living off the reserve than we stated above. Using the results of Table 7 and with the off reserve population estimated to be 11,331 at January 1, 1968 we obtain the following percentage incidence rates:

	"low" estimate	"high" estimate	average
September 1967	22.6%	25.5%	24%
December 1967	30.4%	34.2%	32.1%
Average	26.5%	29.8%	

We can, therefore, quite confidently state that the *incidence of social assistance paid to Indians living off the reserve is of the same magnitude as the incidence rate for those living on the reserve and that this rate is approximately eight times the Provincial average for non-Indians.*

We are unable to provide a more detailed regional "breakdown" of the off-reserve recipients of social assistance because virtually nothing is known about the geographical distribution of the off-reserve population. We strongly recommend that I.A.B. initiate a comparative study of the on- and off-reserve Indian population in order to facilitate policy making. I.A.B. needs to determine how the "web" of incentives implicit in the Federal government's policy should be structured to enable that part of the Indian population who wishes to do so, to live self-sufficiently off the reserves.

A few additional comments should be made analyzing the total number of off-reserve social assistance recipients. Table 7 suggests that there were between 2,562 and 2,890 recipients in September and between 3,445 and 3,875 total welfare recipients in December 1967 living off the reserves. Of this number only 1,177 were the financial responsibility of I.A.B. (those who had not been financially self-sufficient for a period of one year off the reserve) in September and 1,142 were I.A.B.'s responsibility in December 1967. In other words, about 40% of the recipients in September and 30% of the recipients in December 1967 were the financial responsibility of the Branch. Since the number of recipients charged to I.A.B. remained almost the same from September to December, the variation

five categories. When we checked these weights for March 31, 1966 we obtained very similar results. Utilizing the results of the February 1966 Survey Public Assistance and applying the same technique described above, we obtained weights of 1, 2, 5.5, 4.5 and 1 for the five categories. It is important to note that these weights apply to Indian welfare cases on the reserve, but we shall apply them to our off-reserve case count by the Provincial Department of Social Welfare in September and December 1967.

^{12a} We have omitted Table 6 and any reference to it from the text.

in the proportion of the total number of off-reserve welfare recipients is caused by changes in the number of recipients who are more permanently established off the reserve and who are therefore the financial responsibility of the Provincial government.

So far in this section, we have focused our attention on only five of the nineteen categories into which the total Provincial welfare caseload is classified. These five, together with the category "child in care" (which we will discuss in the next section), account for almost all the direct financial assistance provided to social welfare recipients. We shall therefore comment only briefly, on the total caseload statistics provided in Tables A-3 and A-5 in the Appendix to this Chapter. These statistics provide both a summary and some analysis of the material gathered in the Special Surveys conducted during September and December 1967. To assist in the interpretation of the various categories, a list of definitions is provided in Table A-4. We are most interested in the trend in the proportion of the total Provincial Caseload that is made up of Indian cases (both on and off the reserve). Table A-6 indicates (on the basis of an earlier survey in June 1963) that the proportion of Indian cases in the total Provincial caseload has increased from 4.3% to just over 5% in the latter part of 1967. A less reliable, but still useful, survey done in April of 1959 by the Provincial Department of Social Welfare indicates that at that time only 2.6% of the total Provincial caseload was made up of Indian cases.

We must be careful in the inferences we draw from the apparent upward trend in the Indian caseload carried by the Provincial Department of Social Welfare. It may well be that the "true incidence"¹³ of Indian social welfare cases has not increased over time and our statistics simply reflect 1) better measurement and 2) the extension of services to Indians which they were denied in previous years.

More interesting is the shift between 1963 and 1967 in the composition of the total Indian caseload carried by the Province. The data is summarized below:

Date	No. of cases off reserve	% of total Indian cases	No. of cases on reserve	Total Indian cases
June 1963	1,144	33.4	2,277	3,421
Sept. 1967	2,623	63.0	1,539	4,162
Dec. 1967	2,916	66.2	1,488	4,404

During June 1963 one-third of the total number of Indian cases carried by the Department of Social Welfare represented Indians living off reserve,

¹³By this phrase we mean the *existence* of social welfare problems whether or not they are recorded in a social worker's files (caseload).

but by the latter part of 1967 the proportion was over 60%. Readers interested in a geographical "break-down" of the incidence of social assistance paid to Indians off reserve will find Table 8 useful. It indicates the number of Indian recipients living off reserve who remained the financial responsibility of I.A.B. In footnote 11 we indicated which Agencies are included (roughly) in each of the Provincial Social Welfare Regions. Table 8 indicates that during 1967 there were approximately 1,100 Indian recipients of social assistance who had not been self-sustaining for at least one year off the reserve. Three regions account for most of the recipients: Region I which contains the Cowichan, Kwakwaka'wakw and West Coast Agencies; Region VI, which incorporates much of the Fraser Agency; and Region VII which contains the Babine, Burns Lake, Terrace and North Coast Agencies.

Table 9 gives even more detailed information on the location of Indian social assistance recipients who live off reserve. It gives the number of recipients and the amount of assistance issued by *office* of the Provincial Department of Social Welfare for the twelve months November 1965 through October 1966. Seven offices accounted for 70% of the total amount of assistance paid: Campbell River, Port Alberni, Vancouver, Abbotsford, Chilliwack, Smithers, and Prince Rupert.

We now move on to the next section where we discuss child welfare, but not before suggesting that the interested reader will want to spend some time in a more detailed examination of the material in the Appendix to this Chapter. Table A-3 gives the results of the Special Survey conducted by the Provincial Department of Social Welfare to determine the number of Indians in the caseload in September 1967. Table A-4 supplies the definitions necessary to interpret the caseload statistics. Table A-5 gives the results of the December 1967 Special Survey. Both September and December caseloads were examined in order to give us some indication of the reliability of the statistics. We expected no great change in the figures--and, indeed, there was none. Table A-6 gives the results of the earlier count by the Department in June, 1963, in comparison to the September and December 1967 results. Table A-7 (2 pages) breaks down the data in Table A-3 by Provincial Social Welfare office--and compares it to June 1963. Table A-8 (2 pages) shows the Indian caseload in September, 1967 in comparison to the total caseload by Department office. Table A-9 analyzes in detail the results of the December 1967 survey of the Provincial caseload.

Section III: CHILD WELFARE

" . . . the child is father of the man . . ."
--Wordsworth

Over 60% of the B.C. Indian population is *under* the age of twenty-one.¹⁴ Only 40% of the total B.C. population is under the age of

¹⁴Derived from the Sources mentioned in Table 10.

TABLE 8

NUMBER OF INDIAN SOCIAL ASSISTANCE RECIPIENTS LIVING OFF-RESERVE
WHOSE ASSISTANCE WAS PAID BY I.A.B., 1967

(monthly)

Provincial Social Welfare Regions	J	F	M	A	M	J	J	A	S	O	N	D	Total	Avg.
Region 1	303	312	279	288	359	341	355	357	330	361	394	448	4,127	344
2	72	63	60	53	52	56	46	44	56	46	46	48	642	53.5
3	101	137	151	111	146	113	158	115	103	140	107	109	1,491	124.3
4	-	1	1	1	-	-	2	-	1	1	-	2	9	.75
5	104	54	56	112	94	53	117	72	103	119	69	42	995	83
6	203	202	205	176	200	203	200	210	220	197	206	213	2,725	227
7	265	218	233	174	204	198	231	226	285	276	253	266	2,829	236
8	12	9	14	16	18	20	22	21	19	17	19	14	201	17
Total	1,060	996	999	931	1,073	984	1,131	1,045	1,117	1,157	1,094	1,142	13,019	

Source: I.A.B., Vancouver.

TABLE 9

SOCIAL ASSISTANCE ISSUED TO INDIANS LIVING OFF RESERVE
NOV., 1965 TO OCT., 1966

	No. of Recipients	Amount of Social Assistance		No. of Recipients	Amount of Social Assistance
Region I			Region V		
Campbell R.	485	\$16,222	Prince George	72	\$ 2,155
Duncan	215	7,845	Quesnel	116	911
Port Alberni	2,255	55,830	Williams Lake	92	3,271
Victoria City	118	2,773	Pr. Geo. (sub)	22	599
Courtenay	14	594	Vanderhoof	89	<u>2,217</u>
Nanaimo	386	9,797	TOTAL	391	\$ 9,153
Saanich	-	-			
Victoria Dist.	<u>26</u>	<u>502</u>			
TOTAL	3,499	\$93,563			
Region II			Region VI		
Burnaby	32	\$ 2,398	Abbotsford	733	\$25,867
New Westr. (Dist.)	-	-	Haney	85	5,146
N. Vanc.	176	8,180	Surrey	-	-
Richmond	79	3,558	Chilliwack	1,363	54,032
Vanc. City	1,318	65,670	Langley	10	189
Q.A.S. Bd.	-	-	White Rock	-	-
Coquitlam	-	-	TOTAL	2,191	\$85,234
N.W. City	137	4,514			
Powell R.	30	1,012			
Vanc. Dist.	20	800			
W. Vanc.	<u>3</u>	<u>25</u>			
TOTAL	1,785	\$86,157			
Region III			Region VII		
Kamloops D.	207	\$ 7,645	Burns Lake	75	\$ 2,138
Lillooet	487	11,909	Smithers	1,647	35,736
Oliver	-	-	Prince Rupert	626	21,684
Revelstoke	2	50	Terrace	<u>167</u>	<u>6,308</u>
Vernon District	64	1,674	TOTAL	2,515	\$65,866
Kelowna City	49	1,687			
Vernon City	56	1,441			
Kelowna	-	-			
N. Kamloops	116	4,624			
Penticton	-	-			
Salmon Arm	75	3,203			
Merritt	153	6,764			
Kamloops City	63	2,380			
Penticton City	<u>64</u>	<u>1,231</u>			
TOTAL	1,346	\$42,608			
Region IV			Region VIII		
Cranbrook	12	\$ 407	Dawson Creek	98	\$ 4,493
Fernie	-	-	Fort St. John	<u>62</u>	<u>2,882</u>
Nelson	1	18	TOTAL	160	\$ 7,375
Trail	-	-			
Creston	37	979			
Grand Forks	-	-			
New Denver	-	-			
TOTAL	50	\$ 1,404	TOTAL ALL REGIONS		\$391,360

Source: I.A.B., Vancouver.

twenty-one. This fact has very important implications for the study of child welfare as we shall see. A more detailed age distribution of the Indian and total B.C. population is given in Table 10.

TABLE 10
AGE DISTRIBUTION OF B.C. INDIAN POPULATION
AND B.C. POPULATION

	B.C. Indians on & off reserve	%	B.C. Indians on reserve	%	B.C. Total 1966
0 - 4 years	7,819	17.7	6,306	18.0	10.0%
5 - 9	7,378	16.7	5,824	16.6	10.7
10 - 14	5,845	13.2	4,811	13.7	9.7
15 - 19	4,860	11.0	3,844	11.0	8.4
Total 0 - 19	25,902	58.6	20,785	59.3	38.8
Over 19	18,303	41.4	14,296	40.7	61.2
Total Population	44,205	100.0	35,081 ¹⁵	100.0	100.0

Sources: "Registered Indian Population by Age--Sex--Residence as at December 31, 1966," I.A.B., Vancouver.

B.C. Dept. of Social Welfare, Victoria.

The age distribution of B.C. Indians is a product of two forces --high birth rates and a relatively short life span. The rate of increase in the total B.C. Indian population in the six years has been as follows:¹⁶

1962	2.3%	1965	2.5%
1963	3.1	1966	2.6
1964	3.2	1967	2.5

These rates of increase are almost twice the rate of increase of the total B.C. population--excluding emigration.

Table 1 of this chapter indicates that expenditures on "Child Care" increased from \$1M in 1966-67 to over \$2.9M in 1967-68--an increase

¹⁵The B.C. Regional Office records only 32,547 as the on-reserve population as at Jan. 1, 1967. *Information and Statistics* 1 Jan., 1968. B.C. and Yukon Region, I.A.B., Vancouver.

¹⁶Derived from *Information and Statistics*, *ibid.*

of over 190%.¹⁷ In making these calculations we include \$688,353 in the 1967-68 expenditure which is recorded as "carried-forward" into 1968-69. We place this expenditure in 1967-68, because the services for which the expenditure was made were received during 1967-68. It was carried forward because the bill was received after the financial year end. Much of the increase in expenditures for "Child Care" between 1966-67 and 1967-68 can be accounted for by the increase in the per diem rate charged by Provincial Department of Social Welfare, Child Welfare Division, for Indian children in care of the Superintendent of Child Welfare (S.C.W.). This rate is based on the costs of the three Children's Aid Societies in the Province. The rate increased from \$4.96 per diem in 1966 to \$6.45 in 1967--an increase of 30% in one year.¹⁸ The increase in per diem costs is compounded by the increase in the number of days of care provided. The increase in the number of days care provided--more than 90% in Provincial care--is about 6.5 times the rate of increase in the Indian population. Recently the rate of increase in days of care provided has been as follows:¹⁹

Quarter ending Mar. 31/65 to Mar. 31/66	33%
Increase in total days care provided fiscal 1965-66 to fiscal 1966-67	17.4%
Increase in total days care provided fiscal 1966-67 to fiscal 1967-68	18.2%

In addition to the children in the care of the Provincial S.C.W., there are a considerable number of children who receive assistance from I.A.B. or the Provincial government under such categories as "child with relatives," in Residential Schools, in "free homes" or in other institutions.²⁰

There is an important difference between the services received by adult social assistance recipients who live on reserves and children who come under the protection of the S.C.W. While Indians living on the reserve who are in receipt of social assistance receive little in the way of professional social work services, Indian children in care of the Superintendent of Child Welfare (including the Children's Aid Societies) receive the best care the Province provides. These professional services amounted to about 30% of the 1966 per diem cost of care by the three

¹⁷Total expenditures on Social Welfare increased by 58% between 1966-67 and 1967-68.

¹⁸The rate in 1965 was \$4.06 per diem.

¹⁹See Table 13.

²⁰The B.C. Regional Office estimates there were 94 children in Residential schools and "as many as 190 in other institutions, free home placements etc." as of October 1966--*Information and Statistics* 1 Jan. 1967, I.A.B., Vancouver.

Children's Aid Societies operating under the B.C. Department of Social Welfare.

In Tables 11 and 12 we attempt to quantify the nature of the child welfare problem. Table 11 shows the very rapid increase in the number of children in care in the past ten years. The number of children in care (for the Region) increased almost 700% in a decade. We also note that in March 1957 one-half the number of children in care were "placed" by I.A.B. By the end of 1967 only 2.4% of the number of children in care were under the aegis of I.A.B. In order to obtain a better indication of the relative as well as the absolute number of "children in care" we have prepared Table 12 which shows the number of "children in care" as a proportion of the total Indian population since 1961.

TABLE 11

INDIAN CHILDREN IN CARE

(According to Accounts Paid)

	Child Care Agencies	Indian Affairs Branch	Total
March 31, 1957	69	71	140
March 31, 1958	102	121	223
March 31, 1959	139	106	245
March 31, 1960	193	104	297
March 31, 1961	248	141	389
Dec. 31, 1962	438	194	632
Sept. 30, 1963	488	204	692
March 31, 1964	585	183	768
March 31, 1965	637	67	704
March 31, 1966	786	55	841
March 31, 1967	1,025	41	1,066
Dec. 31, 1967	1,123	27	1,150

Source: Information and Statistics 1 Jan., 1968, The B.C. and Yukon Region, I.A.B., Vancouver.

TABLE 12
INDIAN CHILDREN IN CARE AS A % OF POPULATION

Total Number of Children in care	Date	Total B.C. Population	Rate
389	Mar. 31/61	38,616 ¹	1.01%
632	Dec. 31/62	39,300 ¹	1.61
692	Sept.30/63	40,559 ²	1.71
768	Mar. 31/64	40,559 ²	1.89
704	Mar. 31/65	41,940 ²	1.68
841	Mar. 31/66	42,974 ²	1.96
1,066	Mar. 31/67	44,081 ²	2.42
1,150	Dec. 31/67	45,184 ²	2.55

* Ideally we should use the number of children as our denominator.

Sources: 1. From the *Annual Report*, Department of Northern Affairs and National Resources Fiscal year 1965-66, p. 115.
2. Jan. 1, 1963 through Jan. 1, 1968 per B.C. Regional Office "Information and Statistics."

The data indicates that as a percentage of the total Indian population, the number of children in care has increased two and one-half times from the beginning of 1961 until the end of 1967. We point out, however, that this measured rate does *not* incorporate *all* the Indian children who in one way or another become the financial responsibility of I.A.B. as we shall see below. Table 13 provides more detailed information, including the number of days care provided per quarter, for the period March 1965 through March 1968. In a period of three years (quarter ending March 31, 1965 to quarter ending March 31, 1968), the number of days care provided has increased by 89%. In the same period the Indian population increased by only 7.6%.

The "child living with relatives" category comes under the general social allowance program,²¹ therefore these children are not recorded in the S.C.W. statistics. We have, however, some indication of the comparative incidence of children living with relatives for the Province as a whole and for Indians living on reserves. A survey by

²¹The standard monthly payment for both I.A.B. and the Provincial Department of Social Welfare is \$45, but this may be increased up to \$75 where need can be shown.

TABLE 13
INDIAN CHILDREN IN CARE

Quarter ending	No. in care at end of quarter Prov.	I.A.B.	No. of days care provided
March 31, 1965	637	67	60,169
June 30, 1965	720	66	70,470
Sept. 30, 1965	712	62	75,192
Dec. 31, 1965	729	56	72,457
March 31, 1966	786	55	77,911
June 30, 1966	832	48	80,169
Sept. 30, 1966	859	46	84,101
Dec. 31, 1966	971	46	91,335
March 31, 1967	1,025	41	92,196
June 30, 1967	1,053	36	94,485
Sept. 30, 1967	1,107	28	105,683
Dec. 31, 1967	1,123	27	106,308
March 31, 1968	1,181	25	104,578

Source: I.A.B. records, Vancouver.

the B.C. Regional Office made in February 1966 indicated that of 9,563 persons receiving social assistance on reserves 330 or 3.45% were children living with relatives.²² For March of the same year only 653 out of 64,888 recipients or 1.01% of the total number of Provincial recipients were children living with relatives. As a proportion of the number of children aged 0-19 years, the incidence rate for Indians living on reserves is *twenty* times that for the general population of the Province.²³ We are unable to calculate a similar incidence rate for Indians living off the reserve from the data available to us. We have been cautioned that we must distinguish carefully between the incidence of "children in care" and of "children living with relatives." We are told that the former situation indicates a far more serious social problem

²²The 330 represent the number of *cases* of a child or of children living with relatives, so our proportion must *understate* the actual number of children as a % total number of recipients. The survey results were obtained from I.A.B., Vancouver.

²³
$$\frac{330}{17832} = 1.85\% \text{ vs. } \frac{653}{732709} = .089\%.$$

than does the latter. That may be so. However, the fact that, proportionately, twenty times as many Indian children are *not* living with their parents is cause for concern.

We will now examine in more detail the number of children in care. In Table 14 we indicate the number of children in care by Agency for the four quarters of 1967. Over the year an average of 1,000 children were in the care of the Superintendent of Child Welfare. In order to obtain a measure of the relative incidence of child welfare problems by Agency we have divided the total number of days of care in 1967 by the Agency population.²⁴ The reader will notice the great range in the incidence rates--from 1.5 in Terrace to 29.8 in Kamloops. The average is 8.5. We know, for example, that the incidence is high in the Kootenay-Okanagan Agency (22.9) because I.A.B. receives very good cooperation with the Provincial Department of Social Welfare. Therefore, a "high" incidence may not reflect a greater problem but only the fact that the problem has been perceived. Low incidence rates may only be an indication that little is being done about an existing problem. However, it may mean that the problem is not as severe in that Agency. Only further research will enable us to determine which is the case.

In the last three columns of Table 14 we calculate the relative incidence, by Agency, of "children living with relatives." Again we note a great range in the rates--from less than 1.00 in Williams Lake, Bella Coola, and Kwawkwalth, to over 4.00 in Burns Lake, Lytton, and North Coast. The average was 2.45. There seems to be little relationship between these incidence rates and those for "children in care."

How does the incidence of Indian child welfare compare to the Provincial average? At March 31, 1967 the S.C.W. had a total of 8,540 children in care. Of this number 6,481 were in paid foster homes and 688 were in welfare institutions, a total of 7,169 children for which the Province paid monthly or per diem maintenance charges.²⁵ For 1966 the number of children aged 0-19 years in B.C. was estimated to be 732,709. Thus we have a Provincial child welfare incidence rate of .975%. During calendar year 1967 the average number of Indian children in care of the S.C.W. but paid for at the per diem rate by I.A.B. was 1,011. To this number we must add about 35 I.A.B. placements for whom a monthly maintenance is paid. The estimate for the number of children living on reserves (ages 0-19) during 1967 is 19,555, giving an on-reserve Indian child welfare incidence rate of 5.3%. This is more than *five* times the overall Provincial rate.²⁶

²⁴ Ideally, we would like to divide by the number of children in each Agency, but the data is not available.

²⁵ The comparable numbers for March 31, 1966 are 5,683 and 672, p. 448, 1966-67, B.C. D.S.W. *Annual Report*.

²⁶ Since both the on and off reserve (but less than one year) assistance to children is included in the 1,046 figure, we slightly

TABLE 14
CHILDREN IN CARE* BY AGENCY
1967

Agency	Jan. to Mar.	Apr. to June	July to Sept.	Oct. to Dec.	Total No. of Days Care	Total Population		Incidence Rate	No. of Children Living with relatives, receiving Social Assistance Sept. 1967	On-reserve Population Jan. 1, 1967	Incidence Rate for Children With Relatives Sept. 1967	
						Jan. 1, 1967	Sept. 1967				Jan. 1, 1967	Sept. 1967
Babine	31	39	35	38	12,817	2,798	68	4.6		2,083	3.26	
Bella Coola	18	18	21	18	6,702	2,029	14	3.0		1,861	.75	
Burns Lake	15	17	16	15	5,604	1,094	35	5.1		686	5.10	
Cowichan	70	72	82	87	28,550	4,157	92	6.9		3,515	2.62	
Fort St. John	20	19	21	20	7,014	747	13	9.4		544	2.39	
Fraser	155	147	147	151	55,554	6,443	97	8.6		5,219	1.86	
Kamloops	154	167	175	163	58,519	1,963	43	29.8		1,410	3.05	
Koot.-Okanagan	60	45	169	146	54,382	2,372	28	22.9		1,815	1.54	
Kwakweth	54	57	75	57	18,895	2,683	18	7.0		1,986	.91	
Lytton	42	53	62	50	17,646	2,517	80	7.0		1,692	4.73	
Nicola	45	42	58	48	18,040	1,315	18	13.7		1,028	1.75	
North Coast	37	35	44	30	12,758	4,240	133	3.0		2,798	4.75	
Stuart Lake	59	71	85	69	24,712	2,445	51	10.1		1,689	3.02	
Terrace	9	6	12	12	3,638	2,380	46	1.5		1,575	2.92	
West Coast	82	86	87	83	28,405	3,005	27	9.5		1,634	1.65	
Williams Lake	40	44	52	38	14,663	2,978	22	4.9		2,570	.86	
Total	891	976	1,141	1,024	367,900	43,166	785	8.5		32,105	2.45	

* In care of the Superintendent of Child Welfare, but the financial responsibility of I.A.B.

Source: Social Welfare records, I.A.B., Vancouver.

We have another measure of the relative number of Indian children in the care of the Superintendent of Child Welfare. As of March 31, 1967 one-third of children in the care of the S.C.W. were "children of Indian or part-Indian racial origin." We reproduce the following table from the Annual Report of the B.C. Indian Advisory Committee.²⁷

	All Children in care of the Superintendent of Child Welfare	Children of Indian or Part Indian Racial Origin	Percentages of All Children in care
March 31, 1964	4,024	1,509	37.4
March 31, 1965	4,436	1,650	39.2
March 31, 1966	4,744	1,736	36.6
March 31, 1967	5,409	1,813	33.5

We are able to give some indication of the off-reserve child welfare incidence rate on the basis of the Special Surveys of September and December 1967.²⁸ They indicate that the number of children in care is as follows:

	On ²⁹	Off	Total	No. actually paid for by I.A.B. for Quarter ending
Sept. 1967	315	1,058	1,373	1,143
Dec. 1967	311	1,056	1,367	1,027

On this basis we have an average of 285 children in the care of S.C.W. who reside off the reserve "permanently." We estimate the number of children living off the reserve to be 6,734 during 1967. Therefore, we obtain an incidence rate of 4.2%--this is somewhat lower than the on-reserve rate but still *more than four times the overall Provincial rate.*

overstate the incidence rate.

²⁷ See page 19, *Eighteenth Annual Report* of the British Columbia Indian Advisory Committee and of the Director, Indian Advisory Act, for the year ended December 31, 1967, Victoria, Queen's Printer, 1968.

²⁸ See Tables A-3 through A-9 in the Appendix to this Chapter.

²⁹ The observant reader will think that we have our figures reversed. It appears so because a great number of the Indian children are living in homes and institutions off the reserve whose parents in fact live on the reserve. We are more interested in the difference in the total number of children in care and the number actually charged to the I.A.B., the last two columns of the Table.

It seems worthwhile to attempt to give a measure of the "total incidence" of the child welfare problem--at least in terms of the number of children, under the S.C.W., or for whom a per diem rate or monthly maintenance allowance is paid. We give the comparative figures for the Province and for the Indians at slightly different points of time in Table 15.

As with incidence of social assistance among both on- and off-reserve Indian population, the total incidence of Indian child welfare financial assistance is *eight* times the Provincial average. In comparative incidence rate it is even larger since the B.C. total *includes* more than one-half the number of Indian children in care. Both the absolute and relative number of Indian children who do not live within the normal family unit should be a cause of great concern. We are neither seers, nor social workers, but these bare data are evidence to us that the incidence of social welfare problems in the future will, in all likelihood, be exacerbated by the large number of Indian children who are now in care.

Section IV: OTHER FEDERAL AND PROVINCIAL TRANSFER PAYMENTS

In this section we shall discuss the impact of Family and Youths' Allowances, the "Old Age Pension," the Canada Pension Plan, Old Age Assistance, Blind Persons Allowances and Disabled Persons Allowances upon B.C. Indians.

Because of the very high proportion of young people in the B.C. Indian population (see Table 10 above), B.C. Indians receive substantial amounts of money from the Federal Government in the form of Family and Youth Allowances. We estimate that in 1967 B.C. Indians received \$1.8M in such payments--see Table 16.

B.C. Indians received \$2M in the form of Old Age Security payments (to those 67 and over in 1967), Old Age Assistance payments (to those aged 65 and 66), Guaranteed Income Supplements, and the Provincial Supplementary Social Assistance program. No doubt most of the 1,568 persons receiving Old Age Security also received the Guaranteed Income Supplement of \$30 per month because of the low incomes of most Indian families. We were unable to obtain data on the number actually receiving the G.I.S. Indians who are blind or disabled receive the usual pension--see Table 16.

The important point to note about these payments is that they are statutory and they apply to *all* citizens of the Province who qualify because of age or need. Non-Indians in similar circumstances would receive exactly the same payments. It is true that 60% of the B.C. Indian population is under 21 years of age--consequently, they receive "more" by way of Family and Youths' Allowances. It is *also* true that only 5.3% of the B.C. Indian population is aged 65 years or older. On balance, because of the age distribution of the Indian population they receive

TABLE 15

THE TOTAL INCIDENCE OF CHILD WELFARE PROBLEMS

		B.C. Indians Sept. 1967	B.C. Total March, 1967
No. of children in care for the Special Survey for Sept. 1967	1,373	No. of children in paid foster homes	6,481
No. of cases of children living with relatives both on and off reserves per Special Survey*	169	No. of children in institutions (B.C. Dept. of Social Welfare also records 856 for this category in another table-- they should agree)	685
No. of children living with relatives on reserves per B.C. Region Survey for Sept. 1967	785	No. of cases of children living with relatives*	767
No. of I.A.B. placements at Dec. 31, 1967	27		
TOTAL	2,354	TOTAL	7,956
No. of children 0-19 years during 1967 (estimate)	26,289	No. of children 0-19 years during 1966 (estimate)	732,709
Incidence Rate	8.95%	Incidence Rate	1.09%

* We realize that adding cases and persons is a little like adding apples and oranges, but the number is small relative to the total.

Source: 1966-67 B.C. Dept. of Social Welfare *Annual Report* Social Welfare records, I.A.B., Vancouver. Tables A-3 to A-9 in the Appendix to this Chapter.

TABLE 16
FEDERAL AND PROVINCIAL TRANSFER PAYMENTS

Age	Number	Annual Payment ⁴	Total \$
0 - 4	7,812		
5 - 9	<u>7,378</u>		
	15,190 ¹	\$ 6 x 12 = \$ 72	1,093,680
10 - 14	5,845		
15	<u>974</u>		
	6,819 ¹	\$ 8 x 12 = \$ 96	654,624
16	958		
17	<u>950</u>		
	1,908		
No. in Grades 10, 11, 12	650 ³	\$10 x 12 = \$120	78,000
O.A.S. 67 & over	1,568 ¹	\$75 x 12 = \$900	1,411,200
O.A.A. 65 & 66	285 ¹	\$75 x 12 = \$900	256,500
G.T.S. + O.A. Suppl.	470 ²	\$30+30x12 = \$720	338,400
Blind	90 ²	\$75 x 12 = \$900	81,000
Disabled	114 ²	\$75 x 12 = \$900	<u>102,600</u>
TOTAL 1967			<u>\$4,016,004</u>

¹"Registered Indian Population by Age-Sex-Residence as at Dec. 31, 1966," copy from I.A.B., Vancouver.

²Averaged from Tables A-3 and A-5 in the Appendix to this Chapter. It was assumed that all those receiving the Old Age Security Supplement also received the Guaranteed Income Supplement.

³It was assumed that all those in Grades 10, 11, 12 were age 16 or over. The 650 figure was obtained from I.A.B. enrolment data.

⁴The amount of the payments was obtained from Federal Statutes or the B.C. Dept. of Social Welfare *Annual Report*, 1966-67.

less in the way of Federal and Provincial *transfer* payments than a comparable number of non-Indians.

Section V: FINANCING SOCIAL WELFARE EXPENDITURES

We have seen that most of the expenditures for B.C. Indian social welfare (including child welfare) are financed by the Federal government. During 1967-68 the total cost of the social welfare program was \$6.5M. Approximately one-half of this total was paid to the B.C. Provincial government for children in care of the Superintendent of Child Welfare and for social assistance issued by the Province to Indians living off reserve.³⁰ The Province is *not* reimbursed for social assistance it pays to Indians permanently residing off the reserve or for the professional field service it provides to Indians both on and off the reserve--see Tables A-3 through A-9 in the Appendix to this Chapter. Recently the B.C. Department of Social Welfare has calculated that the field social work salary costs for Indian cases exceeded \$235,000 in fiscal 1965-66. The Province is seeking payment for these costs from I.A.B.

In order to facilitate policy decisions in the matter of the Federal-Provincial discussions on Welfare Costs and responsibility, we have prepared an analysis of the past two fiscal years Social Welfare expenditures by the Province of B.C. For fiscal 1965-66 we are able to draw most of our information from the B.C. *Public Accounts* which indicates the contributions from other levels of government to the various programs. However, in fiscal 1966-67 the Province discontinued this practice.³¹ As a result we must use the data in the *Public Accounts of Canada* to "reconstruct" the net expenditures by the Province.

Table 17 analyzes the 1965-66 B.C. Department of Social Welfare expenditures. After the two footnotes to the table are taken into account the distribution of financial responsibility for the expenditures is as follows:

Gross Provincial Expenditures		100.0%	\$68,016,298
less contributions from other sources:			
Federal Gov't.	\$24,264,561	35.7%	
Municipalities	4,857,644	7.1%	
I.A.B.	1,218,000	1.8%	
Other	762,482	1.1%	
		45.7%	31,102,657
Net Provincial responsibility		54.3%	\$36,913,641

³⁰	Jan.-Dec. Provincial charge back	\$ 416,317
1967-68	400,000 days child care at \$6.45	2,580,000
		<u>\$2,996,317</u>

³¹ Instead all contributions from other governments were recorded on the *revenue* side, rather than as offsets to Provincial expenditure.

TABLE 17
ANALYSIS OF B.C. DEPT. OF SOCIAL
WELFARE EXPENDITURES
FISCAL 1965-66

Minister's office	\$	2,244			
General Admin.		88,966			
Soc. Assist. & Rehab.		26,356			
Field Service		2,581,731	\$	116,354	\$ 201,461 \$ 415
Medical Serv. Dir.		74,820			
Social Assistance					
Soc. Allowances		34,020,077			
Burials		123,963			
Medical Serv.		5,023,289			
O.A.A. + O.A.S.		8,654,029			
Blind		143,226			
Disabled		<u>724,044</u>			
Total Social Assistance		48,688,628	20,025,406**	4,090,462	238,324
New Denver		65,012	22,620		16,072
Youth Pavillion		89,456			
Child Welf. Admin.		174,523			
Maintenance & Grants to Homes		6,598,084		565,721	1,158,514* 67,761
Provincial Home		192,186	48,915		113,133
Brannan Lake		454,133			
Willingdon		305,840			
O.A.A. Board		331,144			
O.A.A.		5,718,286	2,847,310		93,299
Blind		479,971	358,286		9,623
Disabled		2,144,918	1,061,670		67,311
TOTAL		\$68,016,298	\$24,480,561	\$4,857,644	\$1,764,452

* Includes \$1,002,000 from I.A.B. for Child Welfare.

** Includes \$216,000 from I.A.B.

Source: 1965-66 B.C. *Public Accounts* I.A.B. records, Vancouver.

We have "reconstructed" the data for 1966-67 in Table 18. It indicates that the Federal government's share was 36%, the Municipalities 8.9%, I.A.B. increased to 4.1% and Other 1.1%. The net Provincial responsibility declined to 50.1% in 1966-67. These facts should be kept in mind, when the Province speaks of the I.A.B.'s "responsibility" for

Indian welfare expenditures.

As a footnote to this Chapter we should point out an element of private subsidy in Provincial welfare expenditures. During 1966-67 the Province paid \$2.4M to private doctors for care of persons receiving social assistance payments. These payments by the Province amount to only about 60% of the usual fee schedule of the B.C. Medical Association. Consequently, private individuals (doctors) are in effect subsidizing the Provincial government to the amount of \$2M per year. This is a rather sad commentary on "the dynamic society."

TABLE 18

FINANCING OF B.C. GOVERNMENT
SOCIAL WELFARE EXPENDITURES

Gross Provincial Expenditure		100.0%	\$72,554,540 ¹
less contributions from other sources:			
Federal Gov't.	\$26,099,351 ²	36.0%	
Municipalities	6,448,003 ³	8.9%	
I.A.B.	2,996,317 ⁴	4.1%	
Other	800,000 ⁵	1.1%	
Net Total	\$36,343,668	50.1%	
Net Provincial Expenditure	\$36,210,872	49.9%	

¹1966-67 B.C. *Public Accounts*, p. 45.

²1966-67 *Public Accounts of Canada*.

³1966 *Taxation Statistics* (B.C. Municipalities) derived from total expenditure on Social Welfare \$33,076,215 minus contribution from Provincial Government for Social Assistance \$26,628,215.

⁴See footnote.

⁵Estimated from 1965-66, see Table 17.

APPENDIX
TO
SOCIAL WELFARE CHAPTER

TABLES A-1 - A-9

TABLE A-1

NUMBER OF SOCIAL ASSISTANCE CASES BY AGENCY
MONTHLY 1967, ON-RESERVE

	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Babine	97	97	98	102	98	97	82	72	105	125	142	167
Bella Coola	109	117	123	125	117	96	45	45	51	86	145	177
Burns Lake	88	79	84	102	96	85	76	93	66	63	77	84
Cowichan	451	450	449	460	461	379	384	404	426	453	369	422
Fort St. John	20	21	11	18	11	17	18	17	18	17	18	17
Kamloops	100	93	95	95	78	76	81	79	50	80	69	100
Kwawkwalth	124	111	104	92	137	105	82	82	77	80	87	126
Lytton	261	247	245	237	236	237	168	191	185	163	179	212
Nicola	144	138	127	129	126	117	99	125	119	105	109	148
Koot.-Okanagan	99	114	113	130	106	101	86	96	98	101	115	134
Skeena River	151	169	171	174	180	161	141	147	150	149	169	145
Stuart Lake	176	175	193	223	226	220	144	170	186	182	232	223
Terrace	107	94	75	108	76	80	69	81	63	60	57	58
Fraser	463	356	436	476	467	423	373	341	399	399	468	489
West Coast	158	258	253	246	244	253	234	240	115	166	168	175
Williams Lake	186	168	201	199	173	176	147	160	153	173	164	184

Source: Social Welfare records, I.A.B., Vancouver.

TABLE A-2
NUMBER OF SOCIAL ASSISTANCE RECIPIENTS
FEB., 1966, 1967, 1968

	Total recipients per Ottawa Feb. 1966	Total recipients per B.C. Regional Office Feb. 1966	No. of recipients per B.C. Regional Office Feb. 1967	per Ottawa spread sheet Feb. 1967	No. of recipients per B.C. Regional Office Feb. 1968	No. of recipients per Ottawa Feb. 1968
Babine	276	290	360	345	666	666
Bella Coola	620	528	454	454	661	661
Burns Lake	299	260	301	307	348	353
Cowichan	1,382	1,513	1,720	1,720	1,638	1,738
Fort St. John	38	42	55	29	40	40
Kamloops	337	294	316	316	245	245
Kwawkwalth	238	244	403	463	327	312
Lytton	778	765	874	1,053	857	1,053
Nicola	492	504	375	373	386	392
Kootenay-Okanagan	332	349	330	330	339	339
North Coast	877	856	490	579	475	475
Stuart Lake	905	905	624	624	723	698
Terrace	257	225	324	304	329	340
Fraser	1,570	1,582	1,754	1,754	2,008	1,541
West Coast	463	642	829	171	311	263
Williams Lake	577	464	694	586	652	696

Sources: Social Welfare records, I.A.B., Vancouver "Annual Survey of Public Assistance," Feb. 1966, 1967, 1968, I.A.B., Ottawa.

TABLE A-3

DEPARTMENT OF SOCIAL WELFARE - BRITISH COLUMBIA
SPECIAL PROVINCIAL REPORT OF REGISTERED INDIAN CASES IN CASELOAD

(where Indian lives on receiving service or assistance determines "off" and "on" reserve

PROVINCIAL CONSOLIDATION - September, 1967

C A S E S	Total at begin- ning of month			Opened			Closed			Total at end of month		
	Off	On	All	Off	On	All	Off	On	All	Off	On	All
10. Family Service	153	196	349	11	21	32	9	18	27	155	199	354
11. Soc. All'ce. Single	326	18	344	70	2	72	36	3	39	360	17	377
12. Soc. All'ce. Couple	39	-	39	6	-	6	6	-	6	39	-	39
13. Soc. All'ce. 2-Parent	180	9	189	25	5	30	17	3	20	188	11	199
14. Soc. All'ce. 1-Parent	276	13	289	24	2	25	19	2	21	281	13	294
15. Soc. All'ce. Ch. with relative	157	15	172	14	3	17	17	3	20	154	15	169
16. Social Allowance Sub-Total	(978)	(55)	(1,033)	(139)	(12)	(150)	(95)	(11)	(106)	(1,022)	(56)	(1,078)
17. Blind Pers. All'ce.	20	70	90	-	3	3	-	3	3	20	70	90
18. Disab. Pers. All'ce.	21	91	112	-	4	4	-	2	2	21	93	114
19. Old Age Assistance	50	234	284	2	13	15	-	16	16	52	231	283
20. OAS Sup. Soc. All'ce.	114	401	515	2	25	27	1	22	23	115	404	519
21. Adoption-Pending	19	4	23	10	2	12	2	-	2	27	6	33
22. Adoption-Approved	8	-	8	-	-	-	1	-	1	7	-	7
23. Ch. in Adopt. Home	25	13	38	4	1	5	5	2	7	24	12	36
24. Foster Home Pend'g.	35	49	84	2	8	10	1	7	8	36	50	86
25. Foster Home Approv.	70	77	147	-	4	4	4	5	9	66	76	142
26. Child-in-Care	1,041	315	1,356	51	24	75	34	24	58	1,058	315	1,373
27. Unmarried Parents	13	21	34	4	2	6	3	1	4	14	22	36
28. Welf. Institutions	6	4	10	-	-	-	1	-	1	5	4	9
29. Hlth. & Inst. Service	2	1	3	-	-	-	1	-	1	1	1	2
TOTALS	2,555	1,531	4,086	225	119	343	157	111	268	2,623	1,539	4,162
Number of new applications for service										178	34	212
Number of cases active										1,720	712	2,432
Inquiries and Referrals										124	204	328

In September, 1967, 4,162 Indian cases represented in the Provincial Caseload of 79,719, 5.2% and excluding Region II, 3,777 Indian cases out of 46,457 represented 8.1% of the total September caseload.

Definition: REGISTERED INDIAN is an Indian registered on an Indian Band list. He may live "off" or "on" the reserve.

Source: Special Survey for the authors, conducted by B.C. Dept. of Social Welfare, Victoria.

TABLE A-4

DEPT. OF SOCIAL WELFARE DEFINITIONS

Social Allowance (SA): Is one which is receiving or applying for financial assistance under the *Social Assistance Act*.

Single (SAS): Is a single person in receipt of or applying for assistance at Unit 1 rate, including the spouse of an OAA recipient, and the person living alone and apart from his family.

Couple (SAC): Is a couple; that is, two persons living together in receipt of or applying for assistance at Unit 2 rate. This includes common-law relationships.

Two-parent Family (SA2P): Is a family of father, mother, and minor children living together who are applying for or receiving assistance. It includes common-law relationships.

One-parent Family (SA1P): Is a family of one parent and minor children living together in receipt of or applying for assistance.

Child with Relative (SACR): Is a case where Social Allowance is paid to or applied for by relatives on behalf of child or children living with that relative.

Blind Persons' Allowance (BPA): Is one which receives financial assistance under the *Blind Persons' Allowance Act*, and the case whose application is under consideration.

Disabled Persons' Allowance (DPA): Is one which receives financial assistance under the *Disabled Persons' Allowance Act*, and the case whose application is under consideration.

Old-age Assistance (OAA): Is one which receives financial assistance under the *Old-age Assistance Act*, and the case whose application is under consideration.

Old Age Security Supplementary Social Allowance (OAS-SSA): Is one on Old Age Security who receives a supplementary social assistance and (or) health services provided for under Provincial regulations, and the case whose application is under consideration.

Adoption Home:

Pending (AH-P): Is one whose application for a child or children under the *Adoption Act* is under consideration.

Approved (AH-A): Is one whose application for a child or children has been approved for placement of a child or children.

Child in Adoption Home (CIAH): Is one where there is a child in a home on adoption probation.

Foster Home:

Pending (FH-P): Is one where an application for a foster-child or foster-children is under consideration.

Approved (FH-A): Is one where the home has been approved for placement of a foster-child or foster-children.

Child in Care (CIC): Is a child for whom the Superintendent of Child Welfare has assumed responsibility either through Court action or at request of the child's parent(s) or guardian.

Unmarried Parent (UP): Is one being dealt with under the *Unmarried Parents Act*; that is, any investigation on behalf of and work with an unmarried parent and child.

Welfare Institution (WI): Is one whose project has been licensed under the *Welfare Institutions Licensing Act*, and the case where the project is under consideration.

Health and Institutional Service (HIS): Includes the following: Adult Clinic, Mental Health; Children's Clinic, Mental Health; Crease Clinic; Health and Institutional Services; Hospital Clearance; Provincial Home; Provincial Infirmary; Provincial Mental Hospital; Tuberculosis Services; Woodlands School.

Inquiries and Referrals: Any communication with a person to answer inquiries regarding welfare services or community resources and (or) referrals to other community services where the contact does not constitute a "Family Service" (as defined above), and no entry is made on a case record.

Definition of "Cases Active": A "case active" is a case that has received during the month a service in any of the following ways:--

Face-to-face interview or visit with client.

Face-to-face interview or visit with a person(s) whose interest is on behalf of client.

Letter or telephone call to or on behalf of a client which takes the place of a face-to-face interview.

Source: B.C. Dept. of Social Welfare, Victoria.

TABLE A-5

* PROVINCIAL CONSOLIDATION - INDIAN* CASELOADS FOR DECEMBER, 1967

C A S E S	Indians Off-Reserve				Indians On-Reserve				Total Indians On & Off Reserve			
	Month Beginning	Opened	Closed	Month Ending	Month Beginning	Opened	Closed	Month Ending	Month Beginning	Opened	Closed	Month Ending
10. Family Service	136	18	20	134	206	30	11	225	342	43	31	359
11. Soc. All'ce. Single	385	189	67	507	7	3	4	6	392	192	71	513
12. Soc. All'ce. Couple	47	39	11	75	-	-	-	-	47	39	11	75
13. Soc. All'ce. 2-Parent	226	96	44	278	4	-	1	3	230	96	45	281
14. Soc. All'ce. 1-Parent	310	57	31	336	8	1	3	6	318	58	34	342
15. Soc. All'ce. Ch. with relative	161	25	9	177	9	3	-	12	170	28	9	189
17. Blind Pers. All'ce.	21	-	4	17	76	2	5	73	97	2	9	90
18. Disab. Pers. All'ce.	20	4	-	24	91	2	3	90	111	6	3	114
19. Old Age Assistance	56	5	1	60	224	14	12	226	280	19	13	286
20. OAS Sup. Soc. All'ce.	95	10	3	102	371	11	27	355	466	21	30	457
21. Adoption-Pending	3	-	-	3	9	1	1	9	12	1	1	12
22. Adoption-Approved	5	-	1	4	4	1	-	5	9	1	1	9
23. Child in Adopt. Home	16	-	1	15	10	1	1	10	26	1	2	25
24. Foster Home Pend'g.	8	-	2	6	53	1	-	54	61	1	2	60
25. Foster Home Approv.	102	2	10	94	80	3	3	80	182	5	13	174
26. Child-in-Care	1,005	79	28	1,056	289	39	17	311	1,294	118	45	1,367
27. Unmarried Parents	8	17	1	24	21	6	5	22	29	23	6	46
28. Welfare Institutions	1	1	-	2	1	-	-	1	2	1	-	3
29. Hlth. & Inst. Service	2	-	-	2	-	-	-	-	2	-	-	2
TOTALS	<u>2,607</u>	<u>542</u>	<u>233</u>	<u>2,916</u>	<u>1,463</u>	<u>118</u>	<u>93</u>	<u>1,488</u>	<u>4,070</u>	<u>660</u>	<u>326</u>	<u>4,404</u>
New Applications for Service					On Reserve	156		Off Reserve	350	Total		506
Cases Active					On Reserve	668		Off Reserve	1,847	Total		2,615
Inquiries and Referrals					On Reserve	255		Off Reserve	155	Total		410

* REGISTERED INDIAN is an Indian registered on an Indian Band list. He may live "off" or "on" the reserve.

Source: Special Survey for the authors conducted by B.C. Dept. of Social Welfare, Victoria.

TABLE A-6

REGIONAL ANALYSIS COMPARING INDIAN CASES

June, 1963 - September, 1967 - December, 1967

Region	O f f R e s e r v e			O n R e s e r v e			T o t a l O n a n d O f f R e s e r v e		
	June, 1963	Sept. 1967	Dec., 1967	June, 1963	Sept. 1967	Dec., 1967	June, 1963	Sept. 1967	Dec., 1967
I	165	688	688	404	336	263	569	1,038	951
II	18	187	195	251	198	194	269	385	389
III	97	562	562	617	293	359	714	812	921
IV	27	55	75	49	12	13	76	67	88
V&VIII*	351	254	326	293	292	254	644	546	580
VI	156	219	256	138	61	52	294	280	308
VII	330	585	718	525	289	287	855	874	1,005
VIII	*	102	104	*	58	58	*	160	162
TOTALS	1,144	2,623	2,924	2,277	1,539	1,480	3,421	4,162	4,404

REGIONAL COMPARISON SHOWING PER CENT OF INDIAN CASES AS PER CENT OF TOTAL REGIONAL AND PROVINCIAL CASELOAD

June, 1963 - September, 1967 - December, 1967

Region	J u n e 1 9 6 3			S e p t e m b e r 1 9 6 7			D e c e m b e r 1 9 6 7		
	Ind. Cases	All Cases	% Ind.Cases	Ind. Cases	All Cases	% Ind.Cases	Ind. Cases	All Cases	% Ind.Cases
I	569	10,963	5.1	1,038	11,192	9.2	951	11,565	8.2
II	269	32,118	.8	385	33,262	1.1	389	35,975	1.1
III	714	9,219	7.7	812	10,038	8.0	921	10,354	8.9
IV	76	5,567	1.3	67	5,046	1.3	88	5,375	1.6
V&VIII	644	7,147	9.0	706	6,436	10.9	580	5,031	11.3
VI	294	10,911	2.7	280	10,979	2.5	308	11,783	2.6
VII	855	2,399	35.6	874	2,766	31.6	1,005	2,939	34.2
VII	*	*	*	(160)	(1,905)	*	152	2,172	7.4
ALL REGIONS	3,421	78,324	4.3	4,162	79,719	5.2	4,404	85,195	5.1

* In this Table, Region VIII figures available separately only for 1967 are included in V and VIII and are shown in brackets elsewhere.

Source: Special Survey for the authors conducted by B.C. Dept. of Social Welfare, Victoria.

TABLE A-7

PRELIMINARY ANALYSIS OF CASELOADS OF INDIAN CASES BY REGION AND DISTRICT
SEPTEMBER - 1967

(Summary of Field Returns in Ranking Order)

Region	Off Reserve	On Reserve	Total Cases		
			Number	% of Caseloads	
Region I					
Nanaimo	302	54	356	. .	
Port Alberni	207	91	298	. .	
Duncan	51	83	134	. .	
Campbell River	60	68	128	. .	
Victoria District	12	36	48	. .	
Courtenay	35	4	39	. .	
Victoria City	35	0	35	. .	
Sub-Totals	702	336	1,038	9.2	
Region II					
Vancouver District	44	124	168	. .	
Vancouver City	69	-	69	. .	
North Van. City & District	22	38	60	. .	
Powell River	7	21	28	. .	
West Vancouver	10	13	23	. .	
New Westminster City	14	-	14	. .	
Burnaby	11	-	11	. .	
Richmond	8	-	8	. .	
New Westminster District	-	2	2	. .	
Area Develop. Project, Vanc.	2	-	2	. .	
Sub-Totals	187	198	385	1.1	
Region III ²					
Kamloops and Lillooet Dist.	202	128	330	. .	
Vernon City & Dist. & Revelstoke	104	52	156	. .	
Penticton City & Dist.	41	61	102	. .	
Merritt	45	33	78	. .	
Salmon Arm	49	14	63	. .	
North Kamloops	57	-	57	. .	
Kelowna District	14	-	14	. .	
Oliver	7	5	12	. .	
Sub-Totals	519	293	812	8.0	
Region IV					
Cranbrook	27	7	34	. .	
Trail	12	-	12	. .	
Creston	6	4	10	. .	
Fernie	4	1	5	. .	
Grand Forks	4	-	4	. .	
Nelson	2	-	2	. .	
New Denver	-	-	-	. .	
Sub-Totals	55	12	67	1.3	
Region V					
Williams Lake	60	155	215	. .	
Vanderhoof	75	94	169	. .	
Quesnel	76	24	100	. .	
Prince George	43	19	62	. .	
Sub-Totals	254	292	546	12.0	
Region VI					
Chilliwack	155	54	209	. .	
Abbotsford	46	5	51	. .	
Surrey	13	-	13	. .	
Langley	3	-	3	. .	
Haney	2	2	4	. .	
White Rock	-	-	-	. .	
Sub-Totals	219	61	280	2.5	

¹Kamloops City and Kelowna City had no cases to report.²Districts are arranged in each Region according to total number of Indian cases in descending order.

Source: Special Survey for the authors conducted by B.C. Dept. of Social Welfare, Victoria.

TABLE A-7 (cont'd.)

Region	Off Reserve	On Reserve	Total Cases Number	% of Caseloads
Region VII				
Prince Rupert	218	110	328	. .
Smithers	189	122	311	. .
Terrace	123	36	159	. .
Burns Lake	55	21	76	. .
Sub-Totals	585	289	874	31.2
Region VIII				
Fort St. John	89	42	131	. .
Dawson Creek	13	16	29	. .
Sub-Totals	102	58	160	8.4
GRAND TOTALS	2,623	1,539	4,162	8.1

REGIONAL RECAPITULATION

(in ranking order)

Region	Total Caseload Sept. 1967	Number	Indian Cases % of Total Caseload
VII	2,766	874	31.2
V	4,531	546	12.0
I	11,192	1,038	9.2
VIII	1,905	160	8.4
III	10,038	812	8.0
VI	10,979	280	2.5
VI	5,046	67	1.3
II	33,262	385	1.1
Totals	79,719	4,162	5.2

REGIONAL ANALYSIS COMPARING INDIAN CASES

June, 1963 and September, 1967

Region	Off Reserve		On Reserve		Totals	
	June, 1963	Sept. 1967	June, 1963	Sept. 1967	June, 1963	Sept. 1967
I	165	702	404	336	569	1,038
II	18	187	251	198	269	385
III	97	519	617	293	714	812
IV	27	55	49	12	76	67
V & VIII*	351*	254	293	292	644*	546
VI	156	219	138	61	294	280
VII	330	585	525	289	855	874
VIII	*	102	*	58	*	160
Totals	1,144	2,623	2,277	1,539	3,421	4,162

REGIONAL COMPARISON SHOWING PERCENTAGE CHANGE IN INDIAN CASES
AS A PERCENTAGE OF TOTAL REGIONAL AND PROVINCIAL CASELOAD

June, 1963 and September, 1967

Region	June, 1963			September, 1967			% Change in (f) over (e)
	(a) Indian Cases	(b) All Cases	(c) as % of (b)	(d) Indian Cases	(e) All Cases	(f) Indian Cases as % of (e)	
I	569	10,963	5.1	1,038	11,192	9.2	4.1
II	269	32,118	.8	385	33,262	1.1	.3
III	714	9,219	7.7	812	10,038	8.0	.3
IV	76	5,567	1.3	67	5,046	1.3	0
V & VIII*	644	7,147	9.0	706	6,436	10.9	1.9
VI	294	10,911	2.7	280	10,979	2.5	-.2
VII	855	2,399	35.6	874	2,766	31.6	-4.0
(VIII)*	(160)	(1,905)
ALL REGIONS	3,421	78,324	4.3	4,162	79,719	5.2	.9

* In this table, Region VIII figures available separately only for 1967 are included in V and VIII and are shown in brackets elsewhere.

TABLE A-8
ANALYSIS OF CASELOADS OF INDIAN CASES BY REGION AND DISTRICT

September - 1967

(Summary of Field Returns in Ranking Order)¹

Region	Indian Cases in Caseload	Total Caseload including Indian Cases	Percentage of Indian Cases of Total Caseloads
Region I			
Port Alberni	298	1,163	25.6
Campbell River	128	747	17.1
Nanaimo	356	2,543	14.0
Duncan	134	1,090	12.3
Courtenay	39	819	4.8
Victoria District	48	1,306	3.7
Victoria City	35	2,675	1.3
Saanich	0	849	0.0
Sub-Totals	1,038	11,192	9.2
Region II			
Vancouver District	168	1,053	16.0
Powell River	28	393	7.1
West Vancouver	23	482	4.8
North Vanc. City & District	60	1,674	3.6
Area Developm't. Project, Vanc.	2	88	2.3
New Westminster City	14	1,757	.8
Richmond	8	967	.8
Vancouver City	69	18,816	.4
Burnaby	11	3,810	.3
New Westminster District	2	1,326	.2
Coquitlam	0	1,041	0.0
Old Age Assistance Board	0	1,855	0.0
Sub-Totals	385	33,262	1.1
Region III ²			
Merritt	78	333	23.4
Kamloops & Lillooet District	330	1,519	21.7
Salmon Arm	63	639	9.9
Vernon City & Dist. & Revelstoke	156	1,912	8.2
North Kamloops	57	859	6.6
Penticton City & District	102	1,697	6.0
Oliver	12	459	2.6
Kelowna District	14	810	1.7
Kamloops City	0	798	0.0
Kelowna City	0	1,012	0.0
Sub-Totals	812	10,038	8.0
Region IV			
Cranbrook	34	787	4.3
Creston	10	603	1.7
Fernie	5	460	1.1
Trail	12	1,254	1.0
Grand Forks	4	564	.7
Nelson	2	1,085	.2
New Denver	0	293	.0
Sub-Totals	67	5,046	1.3
Region V			
Vanderhoof	169	439	38.5
Williams Lake	215	709	30.3
Quesnel	100	757	13.2
Prince George	62	2,626	2.4
Sub-Totals	546	4,531	12.0
Region VI			
Chilliwack	209	2,492	8.4
Abbotsford	51	2,394	2.1
Surrey	13	2,986	.4
Haney	4	1,306	.3
Langley	3	1,306	.2
White Rock	0	495	.0
Sub-Totals	280	10,979	2.5

TABLE A-8 (cont'd.)

Region	Indian Cases in Caseload	Total Caseload including Indian Cases	Percentage of Indian Cases of Total Caseloads
Region VII			
Smithers	311	776	40.1
Prince Rupert	328	1,062	30.9
Burns Lake	76	244	31.1
Terrace	159	684	23.2
Sub-Totals	874	2,766	31.2
Region VIII			
Fort St. John	131	699	18.7
Dawson Creek	29	1,206	2.4
Sub-Totals	160	1,905	8.4
GRAND TOTALS	4,162	79,719	5.2

¹Districts are arranged in each Region according to the Indian cases as percentages of the total district caseloads. Note this ranking order differs from that given in Table 2, Preliminary Analysis of Caseloads of Indian Cases by Region and District.

²Kamloops City and Kelowna City had no cases to report.

Source: Special Survey for the authors conducted by B.C. Dept. of Social Welfare, Victoria.

TABLE A-9

ANALYSIS OF CASELOADS OF INDIAN CASES BY REGION AND DISTRICT

December, 1967

(Summary of Field Returns in Ranking Order)

Region	Indian Cases in Caseload			Total Caseload including Indian Cases	Percentage of Indian Cases of Total Caseloads
	Off Reserve	On Reserve	Total		
Region I					
Port Alberni	261	87	348	1,311	26.5
Campbell River	94	59	153	816	18.7
Duncan	93	47	140	1,305	10.7
Nanaimo	132	44	176	2,275	7.7
Courtenay	31	6	37	836	4.4
Victoria District	21	20	41	1,347	3.0
Victoria City	56	-	56	2,804	2.0
Saanich	-	-	-	872	0.0
Sub-Totals	688	263	951	11,566	8.2
Region II					
Vancouver District	45	116	161	1,095	14.7
Powell River	5	18	23	401	5.7
West Vancouver	13	13	26	496	5.2
North Vanc. City & District	21	44	65	1,747	3.7
Area Developm't. Project, Vanc.	2	-	2	2	2.3
Richmond	6	-	6	1,012	0.6
New Westminster City	9	-	9	1,881	0.5
Vancouver City	86	-	86	20,734	0.4
Burnaby	8	-	8	4,014	0.2
New Westminster District	-	3	3	1,445	0.2
Coquitlam	-	-	-	1,074	0.0
Old Age Assistance Board	-	-	-	1,989	0.0
Sub-Totals	195	194	389	35,979	1.1
Region III					
Kamloops & Lillooet District	202	182	384	1,650	23.4
Merritt	46	42	88	385	22.9
Salmon Arm	50	14	64	691	9.2
Vernon City & Dist. & Revelstoke	104	51	155	2,109	7.3
Penticton City & District	42	63	105	1,865	5.6
Oliver	9	7	16	502	3.2
Kelowna District	11	-	11	841	1.3

TABLE A-9 (cont'd.)

Region	Indian Cases in Off Reserve	Cases in On Reserve	Caseload Total	Total Caseload including Indian Cases	Percentage of Indian Cases of Total Caseloads
Region III (cont'd.)					
North Kamloops	98	-	98	-	0.0
Kamloops City	-	-	-	1,584	0.0
Kelowna City	-	-	-	725	0.0
Sub-Totals	562	359	921	10,354	8.9
Region IV					
Cranbrook	37	9	46	864	5.3
Creston	15	4	19	655	2.9
Trail	12	-	12	1,292	0.9
Fernie	4	-	4	485	0.8
Grand Forks	3	-	3	584	0.5
Nelson	3	-	3	1,125	0.3
New Denver	1	-	1	370	0.3
Sub-Totals	75	13	88	5,375	1.6
Region V					
Vanderhoof	109	81	190	495	38.6
Williams Lake	69	139	208	768	27.1
Quesnel	82	27	109	845	12.9
Prince George	66	7	73	2,923	2.5
Sub-Totals	326	254	580	5,031	11.3
Region VI					
Chilliwack	192	50	242	2,714	8.9
Abbotsford	37	2	39	2,563	1.5
Haney	8	-	8	1,355	0.6
Surrey	17	-	17	3,245	0.5
Langley	2	-	2	1,404	0.1
White Rock	-	-	-	502	0.0
Sub-Totals	256	52	308	11,783	2.6
Region VII					
Burns Lake	78	26	104	248	41.9
Smithers	233	115	348	864	40.2
Prince Rupert	296	105	401	1,057	37.9
Terrace	111	41	152	770	19.8
Sub-Totals	718	287	1,005	2,939	34.2
Region VIII					
Fort St. John	87	42	129	809	15.9
Dawson Creek	17	16	33	1,363	2.4
Sub-Totals	104	58	162	2,172	7.4
GRAND TOTALS	2,924	1,480	4,404	85,195	5.1

REGIONAL RECAPITULATION

(In ranking order)

Region	Total Caseload December, 1967	Number	Indian Cases Percent of Total Caseload
VII	2,939	1,005	34.2%
V	5,031	580	11.3%
III	10,354	921	8.9%
I	11,566	951	8.2%
VIII	2,172	162	7.4%
VI	11,783	308	2.6%
IV	5,375	88	1.6%
II	35,975	389	1.1%
TOTALS	85,195	4,404	5.2%

Source: Special Survey for the authors conducted by B.C. Dept. of Social Welfare, Victoria.

CHAPTER 3

HEALTH AND HOSPITALIZATION

As we researched this Chapter we were amazed by the amount of detailed material available describing and analyzing the medical (and general health) characteristics of B.C. Indians. Interest in (and expenditure upon) Indian health (specifically) goes back some time.¹ The objective of Indian Health Services is to provide "a standard of health for Indian and Eskimo groups comparable with the provincial standard." The procedures to be followed are:

- 1) essential treatment provided by staff and departmental facilities,
- 2) arrangements with private practitioners and provincial agencies,
- 3) special treatment of selected cases,
- 4) Public Health care by staff or by arrangement, and
- 5) health education.

While Indian Health Services spent over \$21M during 1966-67 in Canada, and about \$4.3M in B.C., there are not any statutory obligations under which Indian Health Services (I.H.S.) operate.² This point becomes particularly important as we shall see later. The Province of B.C., in some Divisions of the Department of Health Services and Hospital Insurance, regards Indians as "wards of the Federal government" and therefore the complete financial responsibility of the Federal government. For some Divisions in the Department, Indians are not seen as citizens of the Province entitled to "free" medical services as such. A subordinate objective of I.H.S. is the "integration of Public Health Services," and a subordinate purpose is "to facilitate the withdrawal of Indian Health personnel." To us, as "outsiders," the present set of arrangements between I.H.S. and the Provincial government are at worst inconsistent and at best--unclear.

As we have done in the Chapters on "Social Welfare" and "The Administration of Justice," we shall concentrate on measuring the comparative incidence of health problems among B.C. Indians and the rest of the

¹The Department of National Health and Welfare, Medical Services, indicates that Indian Health Services was set up in 1928.

²Operations and Maintenance expenditures only.

population of the province. We shall also set out the relative per capita expenditure for a number of specific health services, and finally we shall try to show which level of government "pays what" in the field of health services in B.C. In measuring the incidence of hospitalization (which accounts for over one-half of the total expenditure by all levels of government on the health of B.C. Indians), the most recent data we are able to present is for 1966. As we write this Chapter (July, 1968), no more recent data is available.

Section I: TOTAL EXPENDITURE

We shall begin with some data on gross expenditure per capita for all of B.C. (including Indians) and for B.C. Indians. Taking the total of Provincial, Federal and Municipal Governments' expenditure on "health" in B.C. during 1966-67 the expenditure per capita (for all of B.C.) is \$85.³ The calculation of the per capita expenditure for B.C. Indians is a little more difficult, but the figures outlined in Table 1 are quite accurate.

An examination of the figures will reveal a ratio of total expenditure per capita (Indian to total B.C.) of 2.2 to one. On the basis of this ratio alone we cannot say that the "benefits received" are in the ratio of over two to one in favour of B.C. Indians. A very large part of the total costs of medical and health services are privately borne in the case of the non-Indian population (the various private Medical Plans, employment health benefits, etc.). The ratio merely represents an approximation of the *publicly-financed* health expenditures for the two groups. In fact, one may question whether, from the point of view of the individual, a larger per capita expenditure on health is really a "benefit" in the usual sense of the term. The higher expenditure may be a reflection of several factors:

- a) the fact that most of the health services obtained by Indians are both provided and financed publicly whereas those obtained by the general population are provided and financed privately,
- b) the Indian population is "less healthy" and requires comparatively more care--we shall examine this point in more detail in the section on the incidence of hospitalization among Indians and non-Indians in B.C.,
- c) a low per capita expenditure may be because the individual is "healthy" and requires no medical services or because his health is poor but he is not able to afford medical attention.

³The details of the calculation and the specific items included can be found in Table 25 in Section 5 of this Chapter and in the succeeding narrative leading to a 1966-67 total of \$157,829,773.

In the sections that follow we shall try to see in which situation the Indians of B.C. find themselves.

TABLE 1

TOTAL DIRECT EXPENDITURE ON B.C. INDIAN HEALTH⁴
1966-67

Indian Health Services	\$4,252,194
Hospitalization Paid by B.C.H.I.S. ⁵ (Includes \$232,728 paid to Indian hospitals)	3,702,262
Estimate of Benefit of Indians on B.C. Medical Plan	<u>400,000</u>
	\$8,354,456 ⁶
Per Capita expenditure based on Indian Population of 44,081	\$188

⁴The details of the individual items are as follows:

Indian Health Services:	
Coqualeetza Indian Hospital*	\$ 996,553
Coqualeetza Zone	682,213
Miller Bay Indian Hospital*	839,571
Miller Bay Zone	554,316
Nanaimo Indian Hospital*	548,097
Nanaimo Zone	460,044
Regional Office (apportioned) .67 (255,806)	<u>171,390</u>
	\$4,252,194

* Includes capital and Zone H.Q. administration.

Hospitalization paid by B.C.H.I.S.:	
163,183 patient days (incl. those covered in Indian hospitals) at \$22.69 per diem	\$3,702,262
Receipts of 3 Indian Hospitals from B.C.H.I.S.:	
Coqualeetza	\$76,561.50
Nanaimo	65,286.00
Miller Bay	<u>90,880.50</u>
	\$ 232,728

Estimate on Subsidy of Indians on B.C. Medical Plan:
\$40,405 in fees to B.C. Medical Plan paid by I.H.S.
I.H.S. estimates that the average size of family per application is 4 and that over three-quarters of the applicants are on Plan A (90% subsidy), the rest receive a 50% subsidy for the fees (\$150 for three or more). Therefore we estimate that approximately 7,000 Indian people were being subsidized on the B.C. Medical Plan. The expenditure per person enrolled (1966-67) was \$57.50--see Section IV for more detail.

\$ 400,000

Section II: HOSPITALIZATION

Overall Incidence

B.C. Indians receive hospital care both in Provincial hospitals and in the three⁷ Indian hospitals operated by the Federal government. During 1966 they received 163,183 patient days of care "covered" under the provisions of the B.C.H.I. Act. Some 18,832 patient days (p.d.) paid for by B.C.H.I.S. were actually *provided* by the three Indian hospitals. In addition, the Federal hospitals provided another 65,485 p.d.⁸ of care to Indians, which was not reimbursed by the Province, for a total of 228,668 p.d. provided to B.C. Indians in 1966. Based on a 1966 population of 44,081 the number of p.d. per capita for B.C. Indians was 5.187. In comparison, the number of p.d. per capita for all of B.C. (whether covered by the B.C.H.I.S. or not, including newborn) is 2.025.⁹ Therefore, the ratio of the number p.d. care per capita for Indians to the total population is *2.56 to 1*. We will now examine in more detail the relative incidence of hospitalization between the Indian and non-Indian population of B.C.

Hospitalization Covered by B.C.H.I.S.

Virtually all of the data provided in this section is taken from the annual publication of the Research Division of the B.C. Department of Health Services and Hospital Insurance, *Statistics of Hospital Cases Discharged During 1966*. The data analyzes the 163,183 patient days of care provided to Indians covered by B.C.H.I.S. This total represents 18,832 p.d. in Federal Hospitals and 144,351 p.d. in Provincial Hospitals.

⁵ British Columbia Hospital Insurance Service.

⁶ Compare this to the expenditure for Welfare of \$4.2M in 1966-67.

⁷ Coqualeetza, Miller Bay and Nanaimo, the latter closed in Dec., 1966 and the other two are in the process of doing so (mid 1968).

⁸ Includes extended care and rehabilitation but not 1,109 p.d. for Indians in Provincial T.B. facilities.

⁹ Calculated as follows:

3,558,228 Adults and children
& 236,197 Newborn
$3,794,425 \div 1,873,674 = 2.025$

Statistics of Hospital Cases Discharged During 1966, British Columbia Research Division, Dept. of Health Services and Hospital Insurance, Victoria, B.C.

The number of p.d. per capita *covered* by B.C.H.I.S. is:

3,168,368 Adults and children
221,457 Newborn
$3,389,825 \div 1,873,674 = 1.809$

The overall hospitalization incidence (as covered by B.C.H.I.S.) is 3.702 p.d. per capita for B.C. Indians as compared to 1.640 per capita for non-Indians.¹⁰ We hasten to point out that these figures *understate* the incidence of Indian hospitalization as we stated it earlier in Sub-section "Overall Incidence" of Section II. We include the figure here for comparison since almost all of the measures of relative incidence that follow are based upon only 163,183 "covered" patient days out of a total 228,668 patient days of hospitalization provided to B.C. Indians. Unfortunately, the statistics available from the Federal hospitals are not comparable to the Provincial data discussed below.

We will focus our attention in this section on trying to explain the Indian/non-Indian differential in the incidence of hospitalization.

1. Age distribution

As Table 2 clearly indicates, the majority of B.C. Indians are young. Proportionately there are one and one-half times as many Indians in the age group 0-14 years as in the total population of the province. Not surprisingly there are proportionately 2.14 times as many non-Indians over the age of 44.

TABLE 2
POPULATION DISTRIBUTION, 1966

B.C. Total		Age Group	B.C. Indians*	
%	Number		Number	%
30.44	570,277	0 - 14	21,035	47.58
16.36	287,801	15 - 24	8,472	19.17
25.56	478,992	25 - 44	8,789	19.88
19.32	362,044	45 - 64	4,083	9.24
9.32	174,560	65+	1,826	4.13
100.00	1,873,674	Total	44,205	100.00

* As at Dec. 31, 1966.

Sources: I.A.B., Vancouver and Dept. of Social Welfare, Victoria.

The difference in the age distribution of the two groups goes a long way toward explaining the difference in the rates of the hospitalization when we refer to the tables below.

Table 3 shows that the age group "under 1 year" has an average incidence rate (in patient days per 1,000 population) of just about twice

¹⁰ Adults and children only, includes rehabilitation care, but not the newborn.

the average for all ages. A disproportionate number of Indians fall into this age group.

TABLE 3
RATES OF INCIDENCE PER 1,000 POPULATION
BY AGE GROUP (INCL. REHAB.)

Age Group	Average Incidence in Patient Days/ 1,000 Population	Range among 12 Geographical Regions
Under 1 year	3,342	1,774 - 8,783
1 - 14 years	735	565 - 1,632
15 - 44 years	1,220	1,074 - 1,992
45 - 69 years	2,392	2,196 - 3,346
70 and over	5,765	2,084 - 12,974
All Ages	1,688	1,530 - 2,291

Source: p. 105, *Statistics of Hospital Cases Discharged During 1966*, British Columbia, Research Division, Dept. of Health Services and Hospital Insurance, Victoria, B.C.

The same point can be reinforced by Table 4. In *all* age groups the *rate* of hospitalization (by cases) is at least 40% greater among Indians. In the age groups in which the Indian population is heavily weighted (under 1 year, and 1 - 14 years) the rates are *five* and *two and one-half* times as high, respectively, as among the non-Indian (so-called "white") population.

Table 5 presents data on the comparative length of stay (in patient days) of Indian and non-Indian hospitalization cases.

TABLE 4

RATE OF INCIDENCE OF HOSPITALIZATION FOR "WHITES" & "INDIANS"
BY AGE GROUP, 1964, 1965, 1966 (INCLUDING REHAB. CASES)

(Cases per 1,000 Population)

	<u>1966</u>				
	Under 1 yr.	1-14 yrs.	15-44 yrs.	45-69 yrs.	70 yrs. +
White	265	114	168	188	338
Indian	1,323	297	291	295	529
Total	323	121	171	190	340
Ratio Indian to White	4.99	2.60	1.73	1.57	1.57
					2.02
	<u>1965</u>				
	Under 1 yr.	1-14 yrs.	15-44 yrs.	45-69 yrs.	70 yrs. +
White	258	114	171	181	319
Indian	1,250	278	305	287	456
Total	310	120	174	182	320
Ratio Indian to White	4.84	2.44	1.78	1.59	1.43
					1.99
	<u>1964</u>				
	Under 1 yr.	1-14 yrs.	15-44 yrs.	45-69 yrs.	70 yrs. +
White	250	113	175	173	313
Indian	1,100	310	295	284	454
Total	302	120	178	175	315
Ratio Indian to White	4.40	2.74	1.69	1.64	1.45
					2.07

Source: 1. 88, *Statistics of Hospital Cases Discharged During 1966*

TABLE 5

AVERAGE LENGTH OF STAY BY AGE 1966
(INCL. REHAB. CASES)

Age Group	B.C. Indians (days)	B.C. Total (days)	Range of B.C. Total (12 Geog. Areas)	Ratio of Indians to B.C. Total
Under 1 year	13.76	10.42	7.3 - 17.3	1.32
1 - 14 years	10.88	6.15	5.1 - 11.4	1.77
15 - 44 years	7.71	7.26	6.4 - 7.7	1.06
45 - 69 years	13.02	12.55	10.4 - 13.3	1.04
70 and over	17.47	18.29	9.6 - 22.5	.96
ALL AGES	10.81	9.82	7.8 - 10.4	1.10

Source: p. 103, *Statistics of Hospital Cases Discharged During 1966*

Not only are the relative number of hospitalization *cases* larger among Indians than in the general population, but also the length of stay is on the average 10% longer (approximately one full day per case). More important is the fact that average length of stay among the first two age groups¹¹ (under 1 year, and 1-14 years) is 32% and 77% longer respectively.

2. Size of the community

The size of the community appears to have at least a slight effect on the incidence of hospitalization. Table 6 gives us an indication of this phenomenon.

The 1961 Census indicates that 88% of B.C. Indians were classified as "rural"¹² and that one-half of those living in urban centres live in the Greater Vancouver area. Both the rural areas and the Greater Vancouver area have an above average incidence of hospitalization among B.C. Indians.

¹¹It is in these two age groups that the B.C. Indian population is heavily weighted--see Table 2.

¹²92% of the rural population was classified as "non-farm." Only 27% of the total B.C. population lived in rural areas. See: D.B.S. #92-545, Table 36.

TABLE 6
HOSPITALIZATION AND POPULATION CONCENTRATION

	Rate Per 1,000 Population			
	C a s e s		P a t i e n t D a y s	
	Adults & Children	Newborn	Adults & Children	Newborn
Total	166	17	1,632	118
100,000 and over (Vancouver City only)	146	16	1,706	112
30,000 - 99,999	155	17	1,581	121
10,000 - 29,999	139	14	1,343	99
5,000 - 9,999	249	26	2,249	176
2,500 - 4,999	199	16	1,779	101
1,000 - 2,499	187	16	1,608	102
Under 1,000	192	19	1,622	124
Unincorporated places and rural areas	184	18	1,663	124

* Incorporated cities, towns, and villages (including British Columbia municipalities essentially of an urban character) with populations falling within the stated ranges. The Metropolitan area of Greater Vancouver is represented as several different municipalities.

Source: Statistics of Hospital Cases Discharged During 1966. . . .

3. Geographic location

For statistical and administrative purposes, the B.C.H.I.S. divides the province into twelve hospital regions as shown on Map 1. As we shall see the various regions have very different rates of hospitalization for both Indians and non-Indians. The data is set out in Table 7.

In *all* of the twelve regions the incidence of hospitalization among Indians is *higher* than it is among non-Indians. In most cases the incidence rate is *twice* as high.

MAP 1
BRITISH COLUMBIA HOSPITAL REGIONS



TABLE 7

RATES OF INCIDENCE (CASES AND DAYS) PER 1,000 POPULATION, BY RACE AND REGION, 1966
(Including Rehab. Cases)

Hospital Region	C a s e s			D a y s		
	Whites	Indians	Total For	Whites	Indians	Total For
			1966	1965	1966	1965
1 East Kootenay	208.1	359.9	210.2	212.2	4,863	1,933
2 West Kootenay	188.7	354.4*	188.9	196.3	3,899	1,675
3 Okanagan	173.4	284.3	175.2	178.7	2,876	1,715
4 Lower Mainland	148.0	251.6	148.6	146.1	2,783	1,530
5 Vancouver Island	185.0	386.8	190.6	196.7	4,123	1,920
6 South Central	188.3	326.1	198.9	202.0	3,534	1,838
7 Central Mainland	207.2	522.0	237.2	260.4	5,063	2,245
8 North Central	200.1	368.2	209.7	222.2	4,502	1,836
9 Northwestern Coast and Queen Charlotte Islands	251.0	369.5	271.3	280.2	3,784	2,291
10 Peace River and Northeast Interior	218.1	370.0	221.3	218.9	3,818	1,782
11 Non-School District Territory (91 & 93)	323.6	143.6	197.6	194.3	1,594	1,841
12 School District 87 (Stikine)						
TOTAL	167.9	342.4	172.0	173.0	3,702	1,688
1965 TOTAL	169.3	335.9			3,486	

*Based on fewer than 50 cases.

#"Indian" as defined by employees of B.C.H.I.S.

Source: *Hospital Statistics of Cases Discharged During 1966*, p. 102.

This fact is reinforced by the geographical distribution of the Indian population. Table 8 presents the figures for both the Indian and non-Indian populations in each of the twelve hospital districts.¹³

TABLE 8
POPULATION BY HOSPITAL REGION

Hospital Region	P O P U L A T I O N				
	White	%	Indian*	%	TOTAL
East Kootenay	35,963	1.96	489	1.1	36,452
West Kootenay	76,817	4.19	79	.2	76,896
Okanagan	103,938	5.68	1,727	3.9	105,665
Lower Mainland	1,017,502	55.61	5,827	13.2	1,023,329
Vancouver Island	324,000	17.70	9,883	22.4	333,883
South Central	68,940	3.76	5,746	13.0	74,686
Central Mainland	20,522	1.12	2,163	4.9	22,685
North Central	99,191	5.42	6,026	13.7	105,217
Northwestern Coast and Queen Charlotte Islands	41,114	2.24	8,487	19.3	49,601
Peace River and Northeast Interior	40,372	2.20	1,008	2.3	41,480
Non-School District Territory (Southwest) and Stikine	1,134	.06	2,646	6.0	3,780
TOTAL	1,829,593	100.00	44,081	100.0	1,873,674

* "Indian" as defined by employees of B.C.H.I.S.

*Source: p. 99, Statistics of Hospital Cases Discharged During
1966*

The reader will note that in Hospital Regions five, six, seven and eight the incidence of hospitalization (in patient days) among Indians is from 2.08 to 2.69 times the non-Indian rate), and it is in these districts that the Indian population is relatively more heavily concentrated.¹⁴

The combined effects of the higher incidence (by region) and the geographic distribution of the Indian population takes us another large step toward explaining the relative rates of Indian and non-Indian hospitalization.¹⁵

¹³ The off-reserve Indian population was assumed to reside within the same geographic area as the on-reserve population.

¹⁴ Proportionately, the Indian population is 1.25, 3.45, 4.38 and 2.5 times greater in regions five through eight respectively--as derived

4. Incidence by major diagnostic group

Of the 18 major diagnostic groups, Indians have a lower rate of incidence (as compared to non-Indians) in only two--See Table 9. In one group (Group V--Mental, psychoneurotic and personality disorders), the Indian incidence is one-half the non-Indian rate, but the total number of cases involved in this group is smaller than average. In the other group (Group VII--Diseases of the circulatory system), the Indian/non-Indian incidence rate is .9--not distinctly lower. As the reader will note when he looks at Table 9, the Indian incidence rate for Group XV "Certain diseases of early infancy" is 14.5 times the non-Indian rate.¹⁶ Far more important in terms of its weighted effect is Group VIII, "Diseases of the respiratory system," where the incidence rate is 6.6 times higher among Indians and the group represents 29% of the total number of Indian patient days. While the incidence of "Injuries and adverse effects" is "only" 2.3 times the non-Indian rate, this one category accounts for 13.4% of the total number of patient days. For a more detailed analysis of the Indian health problem associated with injuries and accidents we refer our readers to the article "Accidental Death Among British Columbia Indians."¹⁷ The authors point out that while Indians represent a little over 2% of the total population of the province, they accounted for 10% of total accident fatalities, 29% of drownings and 21% of fatal burns.

Since the incidence rates in terms of patient days incorporates both the number of cases and the average length of stay, we put Table 10 "Average Length of Stay of Cases Separated in 1966, by Race and Major Diagnostic Group" in the Appendix to this Chapter. We also include in the Appendix a bar graph (Figure 1) of the comparative incidence (in terms of cases) for the 18 major diagnostic categories. For readers interested in a regional "breakdown" by diagnostic group, we have also included Table 11 in the Appendix to this Chapter.

from Table 8.

¹⁵ Ideally, of course, we should like to *weight* the various explanations, but time and the data did not permit this.

¹⁶ We should point out, however, that the total number of patient days involved in this diagnostic group is not very large (2,108 out of a total of 163,183).

¹⁷ See *The Journal of the Canadian Medical Association* Jan. 29, 1966, Vol. 94. The authors are N. Schmitt, L. W. Hole, and W. S. Barclay.

TABLE 9

RATES OF INCIDENCE BY MAJOR DIAGNOSTIC GROUPS
IN PATIENT DAY PER 100,000 POPULATION

Major Diagnostic Group	1966 Ratio of Indian to White	Patient Days - Rates of Incidence 1966			Total
		"White"	Indian	Total	
		White	Indian	Total	
I Infective and parasitic diseases	8.6	2,179	18,824	2,570	2,646
II Neoplasms	2.4	15,515	6,540	15,304	15,261
III Allergic, endocrine system, metabolic and nutritional diseases	1.0	5,801	5,699	5,799	5,629
IV Diseases of the blood and blood-forming organs	1.9	1,136	2,200	1,161	1,168
V Mental, psychoneurotic, and personality disorders	.5	5,963	2,890	5,891	5,653
VI Diseases of the nervous system and sense organs	4.1	10,707	43,568	11,480	12,208
VII Diseases of the circulatory system	.9	21,083	18,303	21,018	21,988
VIII Diseases of the respiratory system	6.6	16,157	107,325	18,302	16,981
IX Diseases of the digestive system	1.4	20,498	29,412	20,708	21,008
X Diseases of the genito-urinary system	1.1	12,887	14,305	12,920	13,715
XI Deliveries and complications of pregnancy, child-birth and the puerperium	1.7	13,806	23,799	14,041	15,229
XII Diseases of the skin and cellular tissue	8.2	2,255	18,500	2,637	3,046
XIII Diseases of the bones and organs of movement	1.3	9,884	12,543	9,946	9,468
XIV Congenital malformations	3.7	2,341	8,770	2,492	2,370
XV Certain diseases of early infancy	14.5	330	4,782	435	429
XVI Symptoms, senility, and ill-defined conditions	1.4	1,829	2,477	1,844	1,784
XVII Injuries and Adverse Effects	2.3	21,250	49,581	21,917	21,959
XVIII Supplementary classifications for special admissions (excluding newborn)	2.0	334	669	342	457
TOTAL	2.26	163,956	370,189	168,808	170,997

Source: p. 109, *Statistics of Hospital Cases Discharged During 1966*

5. The trend in the incidence of Indian hospitalization

Figure 2 (in the Appendix to Chapter 3) indicates the incidence rates for both Indians and the total population (in terms of both cases and patient days) for the period 1957 through 1966. On the basis of Figure 2 we should say that the incidence of Indian hospitalization has risen relative to that of the total population. However, we must be careful in our interpretation of the statistics. During this period of time the Provincial hospitals have been taking over a larger proportion of the total number of Indian cases (and patient days). The statistics may only be reflecting this trend--and not any "true" increase in the incidence of Indian hospitalization. Another reason for the apparent increase may be that Indians are now receiving hospital treatment for medical problems that they formerly would not have received.

Figure 3 in the Appendix to Chapter 3 illustrates the trend in the average length of stay. From 1957 to 1963 the average length of stay of Indians declined from about 11.2 days to 9.9 days in 1963 (where it was actually *less* than the provincial average). From this low, the average length of stay for Indians has increased steadily--reaching 10.8 days in 1966. We should point out that the particular choice of scale for Figure 3 exaggerates the importance of the changes over time.

Federal Indian Hospitals

The three Federal Indian Hospitals provide a substantial proportion of the total number of days care to Indians hospitalized in B.C. During 1965 the Federal hospitals provided 113,170 patient days of care out of a total of 250,175--or 45.2%. In 1966 the three Indian hospitals provided 84,317 days of care out of a total of 228,668. This amounted to 36.4% of the total number days provided by both Provincial and Federal hospitals. Note that the *total* number of patient days of Indian hospitalization declined by 8.6% between 1965 and 1966.

With the closure of the Nanaimo Indian Hospital at the end of 1966, the declining incidence of Indian tuberculosis and the increasing use of regular Provincial Hospitals, the role of the Federal hospitals has been one of declining importance in Indian hospitalization.¹⁸

In Table 12 we summarized some of the important "facts and figures" for the three Federal hospitals for the years 1965 and 1966. In examining the statistics on patient days, the reader will note the disproportionate (as compared to the rest of the province) emphasis on T.B. care and upon custodial, long term and rehabilitative care. These aspects of the hospitals' type of care are emphasized by the very long average length of stay (again as compared to most Provincial hospitals) of the patients. Coqualeetza, with its emphasis on the treatment of T.B. cases has an

¹⁸I.H.S. planned to close the Miller Bay Hospital on completion of a new Provincial hospital at Prince Rupert.

TABLE 12

SUMMARY INFORMATION ON THE THREE FEDERAL INDIAN HOSPITALS,
1965, 1966

	Coqualeetza 1965	1966 patient days	Miller Bay 1965	1966 patient days	Nanaimo 1965	1966 patient days
Medicine - surgery	14,504	10,365	6,321	7,596	21,855	9,922
Paediatric			13,963	8,521		
T.B. adult	24,833	18,692	2,687	4,160	13,211	7,788
T.B. children			2,815	3,043		
Other--custodial			2,483	1,755		
--long term	2,092	8,429			1,111	1,200
--rehabilitation	4,605	2,846				
Total Patient Days of Cases Admitted During Year	46,034	40,332	28,269	25,075	36,177	18,910
Annual Net Cost of Operation*	\$909,596	\$937,167	\$812,930	\$757,214	\$756,341	\$507,859
Total Cost Per Patient Day	\$ 19.18	\$ 23.24	\$ 26.53	\$ 30.20	\$ 23.43	\$ 26.86
Average Length of Stay in Patient Days	97.44	87.87	28.49	24.69	54.83	51.65

* The 1966 figures (per the 1966-67 *Public Accounts of Canada*) have been reduced by amount of revenue received from staff for accommodation and meals. For 1965 it was not possible to do this but the difference in the per diem rate is quite small (\$1).

Sources: The annual reporting forms of the Federal hospitals and *Report on Hospital Statistics and Administration of the Hospital Act*, 1965 and 1966, Dept. of Health Services and Hospital Insurance, Victoria, B.C.

average length of stay of over 87 days in 1966. Even Miller Bay, which provides relatively more acute care and paediatric care, has an average length of stay (24.7 days) over two and one-half times the Provincial average of 9.8 days.

Let us now examine the costs per patient day at the three Indian hospitals and at the Provincial hospitals. Table 13 records a number of per diem costs for various hospitals.

As we can see hospitalization is expensive, and it will obviously become more expensive as both costs and the quality of services rise. The per diem costs at the Federal hospitals appear to compare quite favourably with corresponding Provincial institutions. Since the statistics are not *exactly* comparable, and the nature of the patient load is somewhat different, extensive comparisons between Indian hospitals and public hospitals is not practicable.¹⁹ We should point out, however, that as virtually all of the hospital care is provided by public hospitals and as more Indians receive care in larger hospitals (over 200 beds), the costs per patient day will rise substantially. No doubt as Indians become more urban, achieve higher levels of education and generally move up the socio-economic scale, their rate of hospitalization will *fall* to a rate very similar to the non-Indian population. This point was emphatically made by the Department of National Health and Welfare in our discussions on the comparative incidence of Indian and non-Indian hospitalization. It was suggested to us that while it was true that Indian hospitalization was "high," if we were able to obtain separate data for sample of non-Indians in the same socio-economic "class," similar geographic locations and occupations, we would find very little difference between the Indian and the non-Indian groups in similar circumstances.²⁰

We cannot too strongly state the argument that in making comparisons between Indian and non-Indian we must be extremely careful in our choice of the reference group. To say that the incidence of crime, hospitalization or social welfare dependency is greater among Indians than among the *total* population of Canada is one thing--to say that the various incidence rates among Indians are higher than among non-Indians in similar socio-economic, and geographical circumstances is to say quite another. In making the latter comparison we are in effect trying to isolate the (apparent) importance of the ethnic or racial characteristic per se--e.g., in a recent study "The Causes of Poverty" by Prof. Lester Thurow of Harvard,²¹ the author found that after six other variables had

¹⁹With Nanaimo I.H. no longer operating and the proposed closure of Miller Bay Hospital, the question is almost academic.

²⁰While the incidence of T.B. hospitalization is still greater among B.C. Indians, the next generation should see the end of the higher incidence of the disease among Indians.

²¹*Quarterly Journal of Economics*, February 1967, Harvard University, pp. 39-57.

TABLE 13
PER DIEM COSTS IN VARIOUS HOSPITALS

		Avg. gross expend. per In-Patient Day (including Out Patient Costs) 1966	Total 1965-66 Net costs ÷ total no. of patient days of those admitted in 1965	Total 1966-67 Net costs ÷ total no. of patient days of those admitted in 1966	1966-67 per diem rates as charged to I.H.S.
	Rated Capacity Beds & Cots				
Coqualeetza	187		\$19.18	\$23.24	
Miller Bay	90		\$26.53	\$26.86	
Nanaimo	100		\$23.43	\$26.86	
Average of 9 Public Provincial Hospitals	201 & over	\$36.82			
Average of 23 Public Provincial Hospitals	75 - 200	\$29.28			
Average of 58 Public Provincial Hospitals	under 75	\$26.64			
Vernon	109	\$29.08			
Nanaimo	188	\$29.58			\$20.05
Prince Rupert	88	\$29.62			\$13.85
Pearson (polio)					
Sunnyhill (T.B.)					

Sources: I.H.S. records, Vancouver and Hospital Statistics . . . 1965 and 1966.

been incorporated into his regression equation the racial factor "white," "non-white" accounted for only 1.0 percentage points in the total incidence of poverty.²² Specifically, while the observed difference in the incidence of "white" and "non-white" poverty was very large, when six underlying variables are entered into the regression the racial factor becomes of very small importance (statistically).²³

We must not, however, console ourselves too much by the choice of an appropriate reference group in making Indian/non-Indian comparisons. While various Indian incidence rates may be very similar to those of the reference group, *both* may be socially unsatisfactory when compared to the average for the whole population or to the best obtainable by some groups in the population.²⁴ So much for our caveat in the matter of interpretation of the data presented.

Before moving on to the next section, we must take time to point out a couple of (apparent) anomalies in the financial relations between Indian Health Services and the Provincial Government. With one exception (Coqualeetza 1965) the costs in the Federal hospitals run well over \$20 per patient day--yet for those cases deemed to be the financial responsibility of B.C.H.I.S.,²⁵ the provincial authority reimbursed the Federal Indian Hospitals at a rate of \$15.50 (less \$1 usually paid by the patient) per diem for acute care and \$8.00 (less \$1) per diem for extended care and rehabilitation. During 1967 the rate was increased by \$1 and \$.50 respectively. Both sides point out that this is an "arbitrary, agreed-upon rate" and is not calculated on the same basis as B.C.H.I.S. rates paid to public hospitals. What makes this situation even more interesting is pointed up by a secondary anomaly. Indian Health Services is charged the full per diem rate for Indians living on reserve who receive care in the Provincial T.B. and Mental Hospitals.²⁶ In other words, Indians who enter a Provincial (Public) hospital receive the same medical attention as all other citizens of the province for only the \$1 per day

²²"Poverty" was defined as the % of families in the state with incomes less than \$3,000.

²³The regression coefficient of .1133 attributable to the variable "% of families headed by a non-white" could be considered a measure of discrimination.

²⁴A man's income in an underdeveloped country may be just equal to his country's average, but the national average (say \$300) may be shocking in relation to neighbouring countries (say \$1,500).

²⁵Of the total of 84,317 days care provided by the three Indian hospitals in 1966, B.C.H.I.S. reimbursed the hospitals for 18,832.

²⁶The full rate is also charged for Indians who have not lived for a whole year off the reservation. This practice is similar to the Dept. of Social Welfare's practice with regard to social assistance paid to off-reserve Indians.

charge. If they enter a Provincial sanatorium or mental hospital, they are deemed to be the financial responsibility of the Federal government. If they enter an Indian hospital, *and* they are covered by the B.C.H.I.S., only about one-half to two-thirds of the cost per patient day is paid by the provincial government. Just which level of government is financially responsible for what medical services is not *clear*--as evidenced by the mixture of financial arrangements. Some diminution of the obfuscation surrounding this question seems to be in order.

Mental Health

We do not have greatly detailed information on this topic, but our data may give some dimensions of the problem. Data from the Indian Health Services in Vancouver indicates that I.H.S. paid for 34,538 patient days of care for on-reserve Indians during fiscal 1966-67. The per diem charge by the Provincial Mental Hospitals was \$10.48. In addition, the public hospitals record 1,274 p.d. under the "Mental, psycho-neurotic, and personality disorders" diagnostic group as provided to B.C. Indians. To facilitate comparison of the Indian and non-Indian incidence rates of hospitalization in mental institutions, we provide the data contained in Table 14.

TABLE 14

COMPARATIVE INCIDENCE OF HOSPITALIZATION IN PROVINCIAL MENTAL INSTITUTIONS 1966-67

	B.C. Total	B.C. Indians	
No. of patient days of care provided by Prov. Mental Instit.	2,166,049	24,538	(on reserve only)
No. of days care provided by public hospitals	<u>110,370</u>	<u>1,274</u>	
Total No. of days of care	2,276,419	35,812	
Population	1,873,674	32,547	(on reserve only)
Incidence rate	1.2149	1.1003	

Sources: Annual Report of the Mental Health Services Branch of the B.C. Dept. of Health Services and Hospital Insurance, Victoria B.C. and I.H.S., Vancouver.

In terms of our measure of incidence there is some indication that problems of mental health are perhaps *less* prevalent among Indians than the general population. As we pointed out in the section above, the Provincial government charges the full per diem rate for Indians

admitted to Provincial mental institutions, who were formerly resident on a reserve. This is quite different from the practice of not charging for Indian patients admitted for acute care to any of the B.C. public hospitals.

The only other statistical information we have of the Incidence of Indian mental health problems is given in Table 15. The information was supplied by the Mental Health Services Branch of the Department of Health Services and Hospital Insurance of B.C.

During fiscal 1966-67 the total number of admissions to the various in-patient facilities was 5,002. In percentage terms this amounts to .2669% of the total B.C. population.²⁷ Admissions as a percentage of "Ward Indians" (those who live on reserves) was .1474.

We are not, of course, in a position to make any medical judgments about the incidence of mental illness among B.C. Indians on the basis of the slender threads of evidence we have provided above. However, we are able to set down a quotation from *Patterns of Illness Among B.C. Indians: A Preliminary Survey* by Paul E. Termansen, M.D. of the Department of Psychiatry and Joan Ryan of the Department of Anthropology, both of the University of British Columbia.²⁸ In their summary the authors state:

Psychiatric: Indian patients do not present with any unique psychiatric syndromes. The estimate of 1.5 per cent of the sample patient population is in accord with figures on the prevalence of psychoses in the general population (2 per cent). The estimate of 5 per cent of the Indian sample diagnosed as suffering from psychiatric disorders other than the psychoses is approximately a third of the prevalence in the general population. Although specific data is not available, the low figure suggests the possibility of under diagnosis. Impressions reported by medical and non-medical observers familiar with Indians lead us to believe the incidence of non-psychotic psychiatric disorders is much higher than the reported diagnosed figure of 5 per cent. The pattern of sporadic, infrequent and urgent medical contacts renders the diagnosis of non-psychotic disorders unlikely. Undoubtedly, the unavailability of local treatment facilities also contributes to this low reported figure. It is well known that the presence of psychiatric treatment facilities tends to increase the frequency with which psychiatric diagnoses are made. Nevertheless, it is quite possible that the low prevalence reported may be a true reflection of the extent of psychiatric disorders among Indians. Only further research can clarify the issue. (p. 6)

²⁷ See p. 811 of the 1967 *Annual Report, Mental Health Services Branch*, Dept. of Health Services and Hospital Insurance, Victoria.

²⁸ The information is a summary of responses to selected questions sent to 87 general practitioners providing medical care to Indians in British Columbia. Returns were received from 51 doctors.

TABLE 15
DATA ON INDIANS IN B.C. MENTAL INSTITUTIONS

The following institutions report as at July 31st, 1967:

Institution	Ward Indians in Residence
Riverview Hospital	44
Valleyview Hospital	1
Skeenaview Hospital	None
Dellview Hospital	None
The Woodlands School	36
The Tranquille School	<u>16</u>
Total	97

During the last fiscal year, April 1, 1966 to March 31, 1967, the number of Ward Indians admitted to the various in-patient facilities is as follows:

Riverview Hospital	46
Valleyview Hospital	2
Skeenaview Hospital	None
Dellview Hospital	None
The Woodlands School	None
The Tranquille School	None - (this facility reports 8 Ward Indians transferred to them from the Woodlands School during the year)

Source: Mental Health Services Branch, Dept. of Health Services
and Hospital Insurance of B.C.

Tuberculosis

We make no pretense of giving a complete historical analysis of the incidence of T.B. among B.C. Indians. Instead we shall try to provide a "snap-shot" of the recent situation. Again our information is not as complete as we would like it to be, but it should provide the reader with an adequate perspective on the problem.

It seems clear that the current incidence of T.B. among B.C. Indians is not nearly as great as it has been even in the recent past. However, by any of the measures we shall relate below, the incidence of T.B. among Indians is still several times greater than among non-Indians.

1. Comparative incidence in terms of patient days

The total number of patient days of T.B. care provided by both Federal and Provincial hospitals during 1965 and 1966 is given in Table 16.

In 1965 (and in 1966) Indians represented only 2.3% of the total population, but accounted for over 41% of the total number of patient days of care for T.B. in B.C. or 18 times their importance in the total population.

By the end of 1967 the Provincial government was operating only 173 T.B. beds with a total sanatoria population of 145 as of November 1967. As we can see in Table 16 there has been a decline in the number of Indian T.B. patients in the three Federal hospitals so that we can summarize the current situation best by quoting the 1967 *Annual Report of the B.C. Health Branch* under their section on "Indian Tuberculosis":

With the diminishing volume of tuberculous Indians needing sanatorium treatment, a large number of beds became vacant in the Indian tuberculosis hospitals in the Province. The Federal authorities requested and the Provincial Department agreed that the Division of Tuberculosis Control would assume the responsibility for in-patient care of tuberculous Indians, at the regular per diem cost for such care. Late in 1966 all the tuberculous patients (20) had been taken from the Nanaimo Indian Hospital and transferred to Willow Chest Centre and Pearson Hospital. By the end of 1967 all of the tuberculous patients from the Indian hospital at Miller Bay (25) had been transferred to the Provincial Sanatoria. There still remained about 30 patients in Coqualeetza Indian Hospital at Sardis under treatment for tuberculosis, and it is expected that they will be transferred in the near future. Henceforth, tuberculous Indians needing treatment will be admitted directly to the Provincial sanatoria.

Consideration was being given to a request from the Federal authorities that the clinical services for out-patients and the field services for case-finding now operated by the Division of Tuberculosis Control be extended to include the Indians of the Province. (pp. 36, 37)

TABLE 16

TOTAL PATIENT DAYS FOR TUBERCULOSIS
IN BRITISH COLUMBIA 1965, 1966

Hospital	B.C. Indians (Adults & Children) 1965 [#]	B.C. Non- Indians *** 1965	B.C. Indians 1966 [#]	B.C. Non- Indians ** 1966-67
Coqualeetza	24,588		18,692	
Miller Bay	5,502		7,203	
Nanaimo	13,211		7,888	
Provincial Facilities ^o	44	55,575	1,109	45,953
T.B. at Riverview*	<u>n.a.</u>	<u>4,475</u>	<u>n.a.</u>	<u>n.a.</u>
Total p.d.	43,590	60,050	36,001	45,953
Population	41,940		44,081	1,829,593

^o Pearson T.B. Unit and Willow Chest Centre.

* Provincial Mental Hospital.

** Health Branch Annual Report 1967, p. M25. The per diem cost (1966-67) at Willow Chest Centre was \$27.87 and at Pearson T.B. Unit \$18.49.

*** See D.B.S. #83207, pp. 51, 52. *Tuberculosis Statistics*, Vol. II.

[#] See Table 12.

Before we conclude this section on Indian T.B. we will present some additional data from D.B.S. Registered Indians represented only 8.9% of the total number of "notifications of tuberculosis" in B.C. during 1966. This is almost four times the *rate* for the general population. In 1966 Registered Indians accounted for 18.2% of the first admissions to in-patient facilities for T.B.--again many times the non-Indian rate. But in 1961 Registered Indians accounted for just about one-third of the first admissions for T.B.--so it is obvious that progress is being made in T.B. prevention. These data and those in Table 16 seem to indicate that while Indians still receive a great number of patient days of care for T.B. the *admissions rate* is falling. Since many of the new active cases of T.B. may receive drug treatment while working and living at home we will soon arrive at the day when T.B. is no more prevalent among B.C. Indians than among the total population.²⁹ See Table 17.

TABLE 17

NOTIFICATIONS OF TUBERCULOSIS BY ORIGIN,
BRITISH COLUMBIA 1966

	Registered Indians		Un-Registered Indians		Others	Totals
Total	<u>61</u>	8.9%	<u>43</u>	7.1%	<u>437</u>	<u>541</u>
Male	30		18		282	330
Female	30		25		155	211

Origin of Tuberculosis First Admissions to
in-patient Facilities, British Columbia

	1956		1961		1966	
Total	786	%	407	%	259	%
Registered Indian	218	27.7	134	32.9	47	18.2
Un-Registered Indian			12	3.0	23	8.9
Others	568		261		189	

Origin of Tuberculosis Re-Admissions to
in-patient Facilities, British Columbia

	1956		1961		1966	
Total	456	%	238	%	117	%
Registered Indian	143		79	33.2	44	37.6
Un-Registered Indian			8		9	
Others	313		151		64	

Source: Public Health Section, D.B.S.

²⁹ It is important to realize that 58% of the patients in B.C. provincial sanatoria in Nov. 1967 are 50 years of age or over. Data for the whole of Canada indicate that the incidence rates ("patients under treatment for tuberculosis") among people over 40 are 50-100% greater than those for all patients. *Source:* D.B.S.

Section III: "PUBLIC" HEALTH SERVICES FOR INDIANS

Both the Health Branch of the B.C. Department of Health Services and Hospital Insurance and Indian Health Services provide the panoply of health services usually grouped under the title "public health."

There are, however, some differences in the nature of services provided by the two governments. The reader may obtain some indication of the range of activities performed by the Provincial government and their relative importance in terms of expenditure by referring to Table 24 in the last section of this Chapter. The *Annual Report of the Health Branch* indicates that at the end of 1967 the Provincial public health service employed 21 doctors, 5 dentists and 307 nurses in local health services out of a total staff of 1,235 persons.³⁰ We relate these data in order to compare them to the number of professional staff employed in public health activities by I.H.S. during 1966-67. The number employed was:³¹

Doctors including 3 for T.B. control and 1 opthamologist	14	Other staff:	
Radiographers	3	Sanitarians	4
Dentists		Medical Social Workers	2
Dental Technicians	1	Community Health Workers (9 in 1968, all Indians)	5
Nurses (not including 1½ Provincial nurses paid by I.H.S.)	26	Lay Dispensers (stipend)	30
Pharmacists	1	Clerical	28
Opticians	1	Administrative Officers	8
Nutritionists	1		

As we can see from the figures I.H.S. employs 14 doctors in the field for a population of 44,000 while the Province employs 21 for a population of over 900,000 persons. These figures do not imply of course that the Provincial service is inadequate. Instead we draw the inference that B.C. Indians receive more *treatment* from the "public" health services provided by I.H.S., whereas most citizens of the province receive treatment from private practitioners. The reader will recall that in addition to providing treatment I.H.S. paid \$481,000 (1966-67) to private practitioners for medical services to Indians. This amount represented only 75% of the schedule of fees of the B.C. Medical Association.³²

³⁰ To get a grand total for the province we must add in the employees of the Vancouver Metropolitan Board of Health and the Victoria Board of Health which take in almost one-half the total population. Please note that only 49 persons of the 1,235 total are employed in *local* public health units.

³¹ Source: I.H.S., Vancouver.

³² The B.C. Medical Plan and the various private medical insurance schemes pay 90% of the fee schedule.

If we can say that the Local Health Services of the Provincial government and those provided by I.H.S. are even roughly comparable, then it soon becomes obvious that in terms of per capita expenditure they differ vastly.

The Province's own calculation for the per capita cost of Local Health Services for 1965-66 (based on 1961 population data) results in a figure of \$4.11.³³ Based on a more realistic population data we estimate the per capita cost to be \$3.70 for 1965-66 using the Province's data. A rough estimate for 1966-67 (based on a gross expenditure of 4.33M) would set the per capita expenditure at about \$4.25.³⁴

It is impossible to provide parallel data for I.H.S., but we can obtain an estimate by a process of elimination as follows:

TOTAL EXPENDITURE 1966-67 I.H.S.		\$4,252,194
Less: 3 Federal Hospitals	\$2,384,221	
B.C. Medical Plan Fees	40,405	
T.B. (Paid to Prov. sanatoria)	19,885	
Mental Health 34,538 p.d. at \$10.48	<u>361,871</u>	<u>(2,796,382)</u>
NET "LOCAL HEALTH SERVICES"		\$1,455,812 ³⁵
PER CAPITA COST: 1,455,812 ÷ 44,081 = \$33		

Sources: See Footnote 4. The "major expenditure categories" were supplied by I.H.S., Vancouver.

As the reader will have noticed the per capita expenditure for "local health services" by I.H.S. is approximately *eight* times that by the Provincial government. I.H.S. provides both the usual local health unit services and a very great deal of treatment as well. This last point becomes even more obvious when we realize that the \$481,000 paid to private practitioners for treatment of Indians represents only 75% of the standard schedule of fees of the B.C. Medical Association. In fact, until July 1966, doctors providing professional services to B.C. Indians who were paid by I.H.S. received on average only 62% of the usual

³³ *Source:* B.C. Department of Health Services and Hospital Insurance, Victoria.

³⁴ This is an "outside" figure.

³⁵ *Some* major expenditure categories:

Medical fees to doctors	\$480,916
Travel (staff)	100,725
Travel (patients)	150,773
Materials & Supplies	424,923

schedule of fees.³⁶ Since it is in the interest of the patient, the doctor and I.H.S. to enroll Indians in the B.C. Medical Plan, it is little wonder that I.H.S. is encouraging Indians to join the plan and assists them in paying even the low subsidized fees in many instances.³⁷ The importance of the B.C. Medical Plan and Medicare will be discussed in the next section of this Chapter.

Some measure of the treatment of B.C. Indians paid for by I.H.S. is given by the following "workload indicators" for fiscal 1966-67:

Visits to fee-for-service doctors	167,625
Visits to fee-for-service dentists	8,775
Number of prescriptions for non-departmental drugs paid for	8,477

The careful reader will also note that more than 10% of the total \$1.456M spent on "local health services" by I.H.S. went for the transportation of patients, see footnote 35.

As we noted above a very large proportion of the budget devoted to local health services by the Province is spent on public health nursing. I.H.S. both provides the nursing services directly and also purchases (and exchanges) public health nursing services from the Province at the rate of \$1.25 per person covered. This financing formula was arrived at in 1956.³⁸

Under the current (November, 1967) arrangements I.H.S. pays the Province for the provision of public health nursing for 13,616 Indians. In addition, the Provincial authorities have stated that they provide the usual nursing services to over twelve thousand Indians living off reserves.

Readers interested in the details of the Federal-Provincial arrangements for the provision of nursing services may consult Tables 18 and 19, filed in the Appendix to this Chapter. Table 18 indicates the nature of the activities of the Provincial public health nurses. Table 19 is a review of the Provincial Government-Indian Health Services agreements for the provision of public health nursing services to B.C. Indians.

³⁶ Estimate from I.H.S., Vancouver.

³⁷ The doctor receives 90% of the fee schedule, the patient is fully covered and has access to a greater rate of medical services and I.H.S. shifts the financial burden to the Provincial government (or in a few cases to the Indian family).

³⁸ For a discussion of the arrangements between I.H.S. and the Provincial authorities see "Review of Public Health Nursing Service for the Medical Services Directorate, November 26, 1963." This information was provided by the B.C. Health Branch.

Section IV: THE B.C. MEDICAL PLAN AND MEDICARE

In footnote 4 of this Chapter we indicated that our estimate of the average benefit per Indian enrolled in the B.C. Medical plan during 1966-67 was \$57.50. This figure was derived by dividing the monthly average number of persons covered by the Plan into the total expenditure by the Plan during fiscal 1966-67. The expenditures by the Plan were as follows:³⁹

1966-67

Medical Benefits	\$16,920,551
Administration	989,949
Equipment	<u>111,819</u>
	\$18,022,319

Revenues of the Plan were as follows:

1966-67

Fees from subscribers	\$ 7,301,907
Provincial assistance to low income subscribers	7,041,845
Provincial rate structure stabilization	3,424,702
Interest	<u>253,864</u>
	\$18,022,319

During 1966-67 the monthly average of the number of persons covered by the Plan was 313,441. The number of persons covered increased from 256,539 at the beginning of the fiscal year to 373,282 at the end of fiscal 1966-67. The average "benefit" per person enrolled for 1966-67 is obtained in the following way: \$18,022,319 ÷ 313,441 = \$57.50. As of March 31, 1967 49% of the persons enrolled were receiving the 90% Grant (subsidy of the premium rate), and 15% were receiving the 50% Grant. Premium rates were as follows during 1966-67:

Single individual	\$ 60 per year
Couple - no children	\$120
Family of 3 or more	\$150

During 1966-67 Indian Health Services paid \$40,405 in premium or portion of premiums for Indians in B.C. I.H.S. estimates that the average size of family per application was four, and that about three-quarters of the applicants receive the 90% subsidy. The 90% subsidy is paid to applicants who had zero taxable income in the previous calendar year. I.H.S. estimates that the remainder of the Indian applicants (one-quarter) received

³⁹Source: B.C. Medical Plan.

the 50% subsidy of the premiums paid to subscribers with a taxable income of \$1 to \$1,000 in the previous calendar year.

Therefore, on the basis of the premiums paid by I.H.S. during fiscal 1966-67 and their other estimates, we estimate that an average of about 7,000 Indians were enrolled in the Plan during 1966-67.

Indian Health Services indicate that by March, 1968 over 12,000 Indians were enrolled in the B.C. Medical Plan. Data are not yet available which would indicate the average expenditure per person enrolled in 1967-68, but we do know that the Plan had enrolled 483,895 persons as at March 31, 1968.

In assisting Indians to enroll in the B.C. Medical Plan,⁴⁰ Indian Health Services is obtaining for B.C. Indians one of the benefits of being a B.C. resident. As Indians go onto the Plan they receive medical care at the expense of the Provincial government rather than the Federal government. Formerly the *Federal* government was reimbursing private medical practitioners for their services to Indians, now the Provincial government will do so. Doctors receive 90% of the authorized fee schedule from the B.C. Medical Plan. Currently I.H.S. pays only 75% of the fee schedule of the B.C. Medical Association--consequently the doctors who serve B.C. Indians will benefit as more Indians are enrolled in the B.C. Medical Plan.

Medicare

On July 1, 1968 the Province of B.C. (and Saskatchewan) entered Medicare. Under this program the Federal government will pay to each province 50% of the national average per capita expenditure on a specified list of medical services. The provinces pay for the administrative costs and for services not covered by the Dominion-Provincial agreement. As of July 1, 1968 the B.C. Medical Plan was declared part of the Medicare program in B.C., and the other *private* medical plans such as M.S.A. and C.U.&C. became "carriers" of the Medicare program on behalf of the Provincial government.

The financial results of this operation should be interesting to see. About one-quarter of the population is enrolled in the B.C. Medical Plan, and virtually all of the remaining three-quarters of the population is enrolled in the private plans. Presently the private plans operate on a *break-even basis* at their present level of services. As of March 31, 1968 42% of the (483,895) persons enrolled in the B.C. Medical Plan were receiving the 90% subsidy from the Province and another 15% were receiving the 50% subsidy. The costs of these subsidies in 1967-68 we estimate to be about \$14-15M. Therefore, despite the slight extension in the range of services covered when the Federal contributions are taken into

⁴⁰ In most, but not all, cases I.H.S. assists paying the remaining 10% or 50% of the premium. An attempt is made to have Indians pay *some* proportion of the premium.

account in the years after July 1, 1968, the *net* cost of Medicare to the Province of B.C. will be very small. It will probably be smaller than the cost of the subsidy to the B.C. Medical Plan in 1967-68 which we estimate to be \$14-15M.

Because many B.C. Indians have very low incomes, a large number will qualify for the Provincial subsidies. A fair number of Indians will be covered under plans associated with their places of employment. But what about the remainder? The current B.C. Medical Plan-Medicare premium is \$150 per year for a family of three or more having a taxable income of greater than \$1,000. If the Province continues to charge the same premium rates in the future, a large number of Indians will need assistance in meeting the required premiums so that they too can enjoy a level of medical services enjoyed by other British Columbians.

Section V: THE FINANCING OF PUBLIC EXPENDITURES ON HEALTH IN B.C.

In addition to the expenditure by the Indian Health Services which we have documented in Sections I, II and III, B.C. Indians receive the benefits of a large amount of money *expended by the Province of B.C.* We shall analyze these expenditures by the Province with a view to determining exactly which level of government actually provides the funds --and hence bears the burden of the *observed* Provincial expenditure.

Our discussion will be divided into two parts. We will begin with an analysis of the financing of Provincial public hospitals. Second, we will look at the total health picture and the extent of the Provincial, Federal and Municipal shares of the burden of total expenditure.

Hospitalization

In footnote 4 at the beginning of this Chapter, we stated that the British Columbia Hospital Insurance Service (B.C.H.I.S.) paid a total of \$232,728 for the hospitalization of Indians in Federal hospitals and \$3,469,534 to public hospitals for the care of B.C. Indians. The average per diem rate paid by B.C.H.I.S. to the public hospitals was \$23.85. This calculation is based upon 96.7% of the final count of patient days. Table 20 in the Appendix provides a complete list of all payments to both Provincial (public) and Federal hospitals in 1966 for hospitals receiving over \$25,000 from B.C.H.I.S. for care provided to B.C. Indians. We record also the 1966 costs per patient day.

As we pointed out in Section II above, the \$14.50 per patient day paid to Indian hospitals does not cover the total per diem cost--see Table 13 in this Chapter. Similarly the (average) \$23.85 paid to public hospitals by B.C.H.I.S. for Indian patient days does not cover the total costs of hospitalization. The total cost per in-patient day (including out-patient costs) in all public hospitals (excluding rehabilitation care) was as follows:

	1965	1966
Average gross expenditure per patient day (newborn included at 100%)	\$28.03	\$31.14
Average gross expenditure per patient day (newborn included at 25%)	\$29.84	\$33.01
by size:		
201 beds and over	\$33.57	\$36.82
75-200 beds	\$26.94	\$29.28
74 beds and under	\$25.52	\$28.64 ⁴¹

The average rate of B.C.H.I.S. payments to hospitals providing care for B.C. Indians was \$23.85; the average per diem cost to these hospitals (most of them are in the "under 75 bed" category) in 1966 was \$28.64. This difference would appear to indicate that the hospitals' actual costs were running above the budgeted costs and the B.C.H.I.S. rate of payment.⁴² B.C.H.I.S. reports that in most cases when actual costs exceed budgeted costs supplementary payments are made by B.C.H.I.S. to the hospital. The hospital, therefore, pays only a very small proportion of its actual costs "out of its own pocket."

It behooves us, therefore, to analyze the means of financing public hospitals in B.C. During 1966 the total gross expenditures by B.C. public hospitals was \$97.5M.⁴³ Of this amount \$5.1M was recorded as "depreciation of plant and equipment," and \$92.4M was the current cost expenditure. Since the current operating expenses are kept separate from the "Plant Fund," we will analyze them separately. We will first analyze the sources of the \$92.572M in net revenue earned by the general hospitals in 1966. The table on the following page presents the sources of revenue as they appear in *Hospital Statistics*

However, we are more interested in an analysis of *which level of government bears the burden of the expenditures* listed in Table 21. Table 22 sets out our analysis. While Table 21 indicates that B.C.H.I.S. paid some \$76M to B.C. general hospitals in 1966, Table 22 shows that *slightly over one-half of this amount was offset by the Federal*

⁴¹Report on *Hospital Statistics and Administration of the Hospital Act*, for the year(s) ended December 31, 1965 and 1966, issued by the Department of Health Services and Hospital Insurance, Queen's Printer, Victoria.

⁴²In addition to the revenue received from B.C.H.I.S. hospitals receive \$1 per patient day from the patient plus other revenue for services provided to both patients and staff. Staff obtain room and/or meals at most hospitals for which they pay.

⁴³This amount does *not* include \$4.75M gross expenditure by rehabilitation and extended-care hospitals.

TABLE 21

ANALYSIS OF NET EARNINGS OF B.C. PUBLIC HOSPITALS
1966

(does not include rehab. or ex. care hospitals)

B.C.H.I.S.	\$76,071,002
Federal Government	119,339
Workmen's Compensation Board	1,877,203
Other (room charges, \$1 per day)	<u>5,429,110</u>
Total In-Patient Revenue	\$83,496,654
Out-patients (includes \$284,689 from B.C.H.I.S.)	\$ 3,925,641
Recoveries (staff board and lodging)	2,366,149
Other Revenue (including special)	<u>2,873,335</u>
Total Net Earnings	\$92,571,779

Source: Report on *Hospital Statistics* and Administration of the Hospital Act for the year ended December 31, 1966, issued by the Department of Health Services and Hospital Insurance, Victoria, B.C. Tables 8, 15, 16.

TABLE 22

ACTUAL SOURCES OF REVENUE - B.C.
PUBLIC HOSPITALS 1966

	Amount	%
Provincial Government	\$36,134M	39.0
Federal Government*	40,057	43.3
Workmen's Compensation Board	1,877	2.0
Individuals (including staff \$2,366,149)	<u>14,504</u>	<u>15.7</u>
Total	\$92,572	100.0

* $\frac{\$47.72}{90.95} \times 76,071,002 + \$119,339$. The ratio is based on B.C.

Public Accounts and the *Public Accounts of Canada* 1966-67. B.C.H.I.S. paid out a total of \$90.95M to B.C. hospitals in fiscal 1966-67. These payments included those to rehabilitation and extended care hospitals.

Source: Table 21.

contribution for hospitalization. Of total current expenditure, the Province of B.C. contributed only 39%. Individuals, including charges for room and meals for the staff, accounted for 15% of the total revenues.⁴⁴ It is interesting to note that in the 1966-67 B.C. *Public Accounts* the

Comptroller-General has *not* seen fit to follow the usual practice (in the past) of recording receipts from other governments, mainly the Federal government, as offsets to gross Provincial expenditures. Instead the Comptroller has recorded all receipts from shared-cost programs as "revenue from other governments" on the revenue side of the public accounts. All of these amounts are lumped together. No indication is given regarding the program or agreement by which they are obtained or the level of government from which they come. Fortunately, we were able to "reconstruct" the data by consulting the *Public Accounts of Canada* 1966-67. We can only wonder at the intention of the Comptroller-General in making this unfortunate change in accounting procedure.

Depreciation of plant and equipment accounts for \$5.1M out of a total cost of operation (1966) of \$87.5M. Table 23 gives a breakdown of the sources of capital income which make up the public hospitals' Plant Fund. As we can see the proportion of the capital income contributed by the Province is almost the same as it contributes to the current operating costs. We note that Municipal grants accounted for one-third of the capital income, while the Federal contribution amounted to only 8.5% of the total of \$15.2M raised in 1966. However, the 1966-67 *Public Accounts of Canada* indicate that the Federal government contributed \$2.38M for up to 50% of the cost of "health training facilities" and an additional \$979,178 in capital contributions. Presumably the \$1,294,933 recorded in Table 23 is already included in the larger amounts recorded in the Federal data.

An Analysis of Total Expenditure on Health and Hospitalization in B.C. 1965-66 and 1966-67

Many people believe, and apparently the B.C. Government would have them believe, that all expenditures made by the Province come out of the *taxes* levied by the Province. This is *not* true. During fiscal 1966-67 B.C. received over \$109M in the form of grants in aid and shared-cost contributions from other governments.⁴⁴ As we have pointed out above, it is no longer possible (as of 1966-67) to determine the amount of the Federal contributions to the various expenditure programs.

For 1965-66 we present the data as they appeared in the *B.C. Public Accounts*: for 1966-67 we have attempted to reconstruct the data on a similar basis with the aid of the *Public Accounts of Canada*. First, the data for 1965-66.

The *NET* Provincial expenditure, after the deduction of Federal, Municipal and other contributions, in Table 24 in 1965-66 amounted to

⁴⁴ Receipts from individuals include the \$1 per patient days charge, room differentials, and out-patient revenue. About 3M patient days of care were provided under the B.C.H.I.S. plan in 1966.

⁴⁵ The gross revenue of the Province of B.C. was \$731.6M in fiscal 1966-67.

TABLE 23

SOURCES OF CAPITAL INCOME, B.C. PUBLIC HOSPITALS

	1962	1963	1964	1965	1966	% (1966)
Provincial grants	\$3,646,718	\$ 4,901,366	\$3,354,029	\$ 3,617,593	\$ 6,576,113	42.2%
B.C.H.I.S. equipment provision	521,220	536,975	543,528	837,014	872,353	5.7%
Federal grants	1,457,424	936,189	2,031,486	2,309,356	1,294,933	8.5%
Municipal grants	2,507,976	3,448,933	2,078,217	2,422,187	5,144,145	33.8%
Donations	1,106,978	2,300,837	1,038,880	938,331	1,031,945	6.8%
Interest	151,801	202,075	253,504	261,717	305,171	2.0%
Total capital income	\$9,392,117	\$12,326,375	\$9,299,644	\$10,386,198	\$15,224,660	100.0%

Source: Table 7, p. 20, *Hospital Statistics* . . . 1966.

TABLE 24

1965-66

B.C. Dept. of Health Services and Hospital Insurance	Gross Provincial Expenditure per Public Accounts	Federal Contri- bution	Municipal Expenditure	Other
Minister's Office	\$ 46,851	\$	\$	\$
Accounting Division	200,210			
<u>Public Health</u>				
General Services	599,987			
Grants re. local health	319,804		149,284*	
Rehab. Serv. & Grants	603,845	296,354		
Cancer Control	765,297	259,419		
Public Health Research	417,373	417,373		
Other Public Health (Federal)	928,460	928,460	2,675,357 [#]	
Local Health	3,183,193	944,923	320,464 ^o	
Div. of Laboratories	427,697			
Div. of Vital Statistics	367,308			
Div. of V.D. Control	145,256	54,883		
<u>Patient Care</u>				
Division H.Q.	133,972			
Out-patient care	385,491			
In-patient (net of B.C.H.I.S. \$1,095,254)	<u>1,010,541</u>	3,449		653,209 ^o
	9,288,124			
<u>Mental Health</u>				
General Admin.	267,161			
Nursing Education	773,832			
Community Services	835,389			
In-patient care (net of main- tenance receipts \$2,042,116)	16,346,858	2,236		
Mental Health (Federal)	<u>638,224</u>	638,224		
	19,346,858			
<u>Hospital Insurance</u>				
Administration	635,608			
Payments to hospitals	76,207,739	40,573,433	91,360*	
Grants for construction	3,790,757	2,309,356**	2,422,187**	
Infirmity Services	624,500			
Long-term paediatric	<u>97,000</u>			
	81,355,604			
Other			<u>124,652*</u>	
Total	\$110,237,637	\$46,428,220	\$5,764,304	\$653,209

[#]\$2,019,298 in Vancouver.

* From *Municipal Statistics*, 1965, p. 54.

^o From B.C. *Public Accounts*.

** From *Hospital Statistics* . . . 1965, p. 20.

\$65,163,101. Before we calculate the final distribution of the burden of public expenditures on health and hospitalization we must include the following expenditures by other departments of the B.C. Government:

<u>Provincial Secretary</u>	<u>Expenditure</u>
Medical Grants	\$1,920,738
Medical Grant Act	298,588
Medical Grant Stabilization Fund	1,000,000
Narcotic Foundation	155,000
Alcoholic Foundation	<u>160,000</u>
	\$3,534,326
<u>Dept. of Social Welfare</u>	
Medical Services Div.	\$ 74,820
Medical Services, Drugs, etc. for S.A. recipients	<u>5,023,289⁴⁶</u>
	\$5,108,109

After we add in these expenditures, the final distribution is as follows:

1965-66

Province of B.C.	\$ 73,805,536	58.3%
Federal Government	46,428,220	36.7%
Municipal Government	5,764,304	4.6%
Other	<u>653,209</u>	<u>.4%</u>
TOTAL	\$126,651,269	100.0%

We have performed similar calculations for fiscal 1966-67 in Table 25. The *NET* Provincial expenditure in this table, in 1966-67, amounted to \$78,778,538. Again we must add to this expenditures made by other Provincial Departments, i.e.:

<u>Provincial Secretary</u>	<u>1966-67</u>
Medical Grant Act	\$ 97,000
Medical Grants	9,151,590
Medical Grants Stabilization Fund	2,512,506
Grants to Narcotic Foundation	200,000
Alcoholic Foundation	<u>200,000</u>
TOTAL	\$12,161,096

⁴⁶ Doctors providing care to recipients of Provincial social assistance receive fees amounting to about 60% of the B.C. Medical Association fee schedule. Therefore we have an element of private subsidization.

Department of Social Welfare

Medical Services Division (Admin.)	\$ 100,345
Medical Services and drugs provided to S.A. recipients	<u>5,539,025</u>
TOTAL	\$5,639,370

After this is done the final distribution of expenditure by level of government is as follows:

1966-67

Province of B.C.	\$ 96,579,004	61.2%
Federal Government	52,749,348	33.4%
Municipal Government	<u>8,501,421</u>	<u>5.4%</u>
TOTAL	\$157,829,773	100.0%

Again we note that the Federal government finances over one-third of the total amount actually expended by the Province. The *net* cost to the Province of B.C. of the \$157.8M spent for (public) health and hospitalization is only \$96.0M or 61.2%. The increase from 58.3% is accounted for by the first full year of operation of the B.C. Medical Plan. During 1966-67 Provincial subsidies and "rate stabilization grants" amounted to 58% of the total revenue received by the Plan. With the beginning of "Medicare" in 1968, the Province will be reimbursed for approximately one-half of the total costs of the scheme. The net Provincial share will be considerably less when the fee revenue from individuals and families is taken into account.

TABLE 25

1966-67

B.C. Dept. of Health Services and Hospital Insurance	Gross Provincial Expenditure <i>Per Public Accounts</i>	Federal** Contri- butions	Municipal 1966#
Minister's Office	\$ 45,852	\$	\$
Accounting Div.	206,963		
<u>Public Health</u>			
General Services	1,091,395	1,624,930	
Grants for Local Ser.	462,799	63,573	
Rehab. Serv.	559,059	264,291	
Cancer Control	654,886	176,367	
Public Health Res.	454,469	453,815*	
Local Health Serv.	3,751,134		
Laboratories	489,987		
Vital Statistics	427,314		
V.D. Control	152,860		
Out-patient care H.Q.	185,823		
Clinics	549,823		
In-patient			
net of hosp. ins.	1,529,269	158,158	162,895
	10,571,016		2,775,995
<u>Mental Health</u>			
Administration	565,083		
Nursing Educ.	948,248	138,920	
Community Serv.	1,013,675		
In-patient care	19,870,387	793,913	
	22,397,393		
<u>Hospital Insurance</u>			
B.C.H.I.S.			
Admin.	747,682		
Claims	90,949,925	47,821,289	
Van. Gen. Out-pat.	284,689		
Grants in aid for construction	5,738,713	2,381,011	5,144,145°
	97,721,009	979,178	252,739
Other			165,647
Total	\$130,689,418	\$52,749,348	\$8,501,421

** Taken from the *Public Accounts of Canada*, 1966-67.

* Recorded as amounts allotted to B.C.

° From Table 23 "Sources of Capital Income, B.C. Public Hospitals;
originally from Table 7 in *Hospital Statistics* . . . 1966.

Taken from *Municipal Statistics*, 1966.

APPENDIX
TO
HEALTH AND HOSPITALIZATION CHAPTER

TABLES 10, 11, 18, 19, 20

FIGURES 1 - 3

TABLE 10

AVERAGE LENGTH OF STAY OF CASES SEPARATED IN 1966, BY RACE AND MAJOR DIAGNOSTIC GROUP
(Including Rehab. Cases)

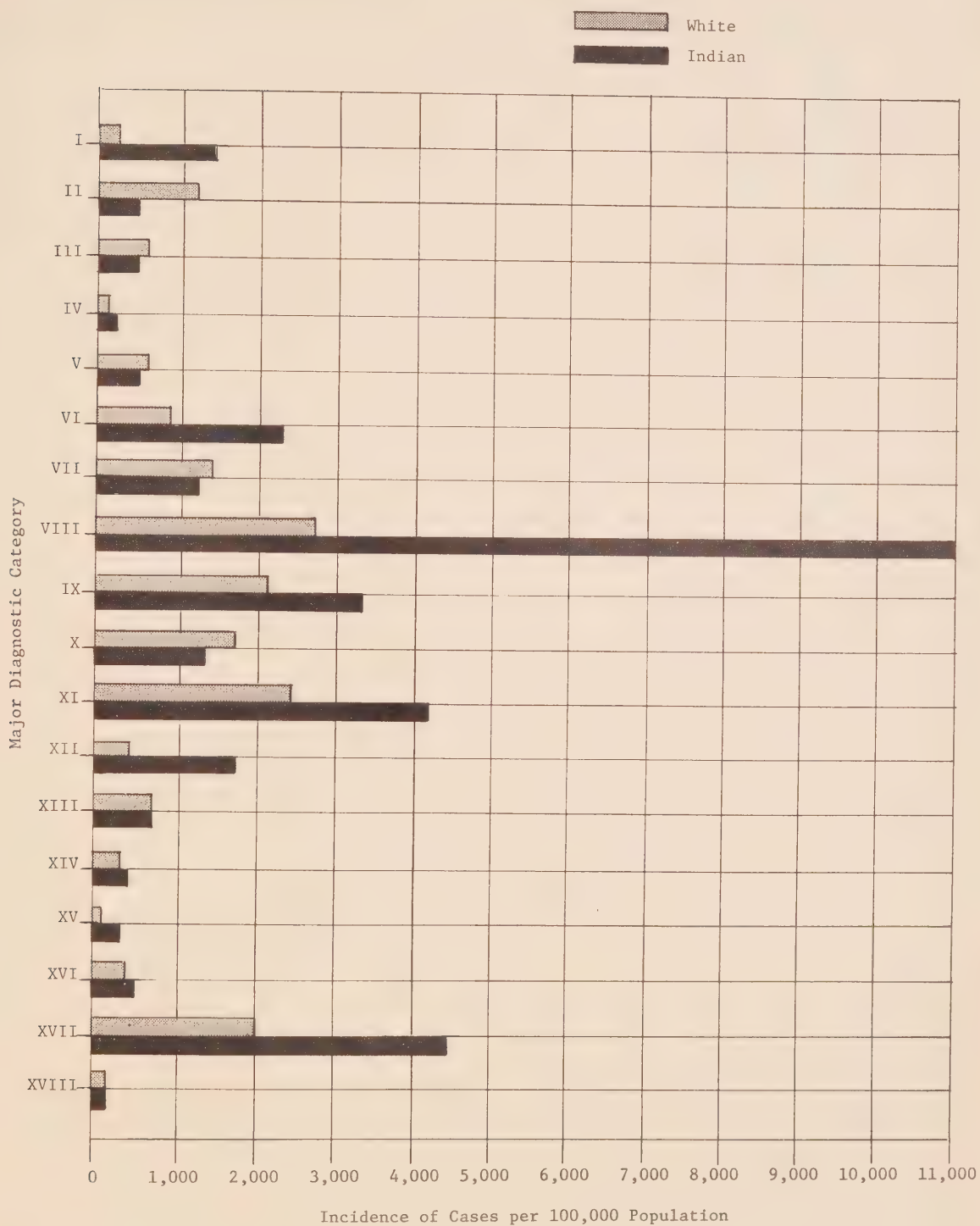
Major Diagnostic Group	1966			Total	1965 Total
	White	Indian	Total		
I Infective and parasitic diseases	10.9	14.1	11.3	12.4	
II Neoplasms	14.5	17.2	14.5	15.0	
III Allergic, endocrine system, metabolic and nutritional diseases	12.0	14.0	12.0	12.2	
IV Diseases of the blood and blood-forming organs	14.5	18.0	14.6	13.2	
V Mental, psychoneurotic, and personality disorders	11.4	7.2	11.3	11.1	
VI Diseases of the nervous system and sense organs	12.2	15.5	12.4	13.0	
VII Diseases of the circulatory system	15.2	15.6	15.2	15.4	
VIII Diseases of the respiratory system	6.1	9.8	6.5	6.1	
IX Diseases of the digestive system	9.9	8.8	9.9	9.7	
X Diseases of the genito-urinary system	7.9	11.4	7.9	8.6	
XI Deliveries and complications of pregnancy, childbirth and the puerperium	6.0	5.7	5.9	6.0	
XII Diseases of the skin and cellular tissue	9.5	10.7	9.6	10.2	
XIII Diseases of the bones and organs of movement	15.1	19.6	15.2	14.7	
XIV Congenital malformations	11.5	32.0	12.2	12.4	
XV Certain diseases of early infancy	10.7	17.1	11.9	10.6	
XVI Symptoms, senility, and ill-defined conditions	5.7	5.8	5.7	5.5	
XVII Injuries and Adverse Effects	10.7	11.0	10.7	10.9	
XVIII Supplementary classifications for special admissions (excluding newborn)	5.0	9.8*	5.2	6.4	
TOTAL	9.77	10.81	9.82	9.89	

* Based on fewer than 50 cases.

Source: *Hospital Statistics of Cases Discharged During 1966*, p. 110.

FIGURE 1

INCIDENCE RATES (CASES) OF "WHITES" AND INDIANS FOR 18 MAJOR CATEGORIES, 1966
See Table 9 or 10 for designation of categories



Source: Hospital Statistics of Cases Discharged During 1966, p. 108.

TABLE 11

RATES OF INCIDENCE OF HOSPITALIZATION (CASES) PER 100,000 POPULATION IN 1966
BY HOSPITAL REGION AND MAJOR DIAGNOSTIC GROUP
(Including Rehab. Cases)

Major Diagnostic Group**	East Kootenay	West Kootenay	Okanagan	Lower Mainland	Vancouver Island	H O S P I T A L R E G I O N			North Central	N.W. Coast etc.	Peace R. & N.E. Interior	Non S.D. Territory (91,93)	TOTAL
I	239	202	194	157	273	Central	South	Central	396	736	313	873	227
II	1,015	1,087	1,146	1,105	1,163	862	873	629	734	665	926	1,056	1,056
III	650	598	657	408	562	589	710	408	641	579	370	482	482
IV	49	96	67	74	66	102	106	143	89	113	53	79	79
V	606	516	498	480	625	569	745	426	661	521	635	520	520
VI	935	900	859	810	1,210	1,073	1,327	348	1,319	829	979	923	923
VII	1,794	1,483	1,740	1,278	1,586	1,344	2,041	1,207	1,329	1,162	1,085	1,384	1,384
VIII	3,251	2,875	2,390	2,239	3,034	3,990	5,078	4,520	6,407	4,581	3,810	2,832	2,832
IX	3,342	2,736	2,493	1,750	2,201	2,373	2,348	2,525	2,843	3,337	1,614	2,096	2,096
X	1,638	1,615	1,651	1,581	1,782	1,480	1,706	1,601	1,905	1,613	1,481	1,631	1,631
XI	2,609	2,473	1,970	2,131	2,278	2,690	2,760	3,651	3,833	3,428	2,725	2,362	2,362
XII	351	330	238	181	320	382	767	407	847	557	926	274	274
XIII	925	719	713	538	969	605	842	493	869	709	529	656	656
XIV	189	173	172	213	184	205	264	199	246	236	238	204	204
XV	49	35	33	24	37	38	35*	89	123	101	106	37	37
XVI	420	462	363	261	405	390	361	350	421	540	397	326	326
XVII	2,713	2,463	2,256	1,571	2,321	2,773	2,795	3,024	4,077	2,787	2,963	2,042	2,042
XVIII	41	72	82	63	78	63	88	59	50	58	53	66	66
TOTAL	21,017	18,890	17,524	14,863	19,095	19,889	23,725	20,975	27,128	22,129	19,762	17,198	17,198

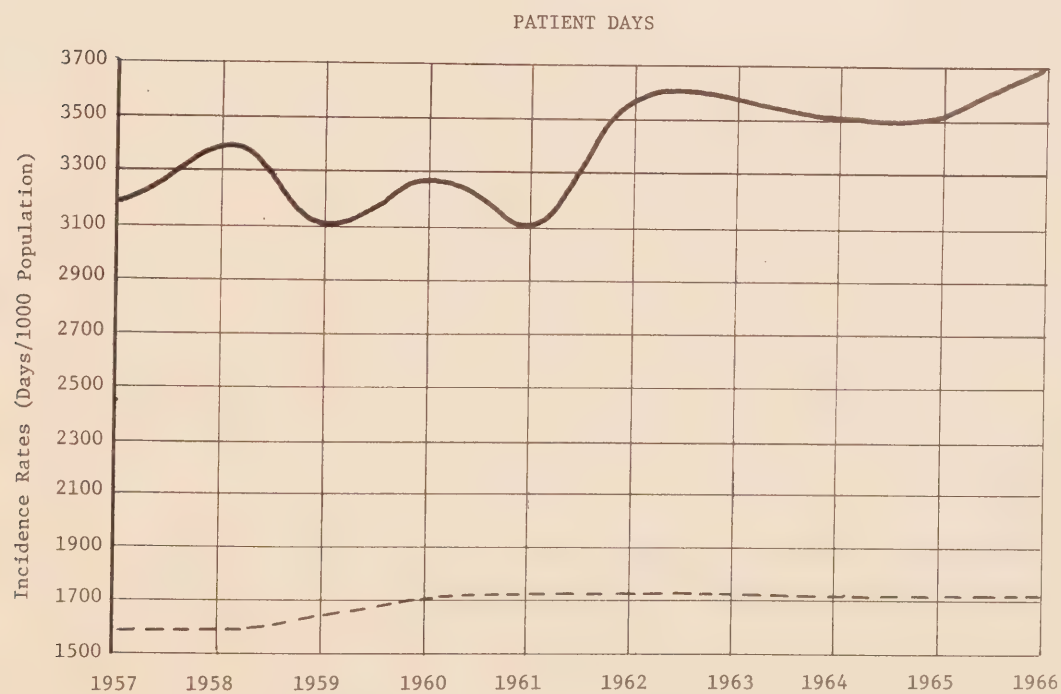
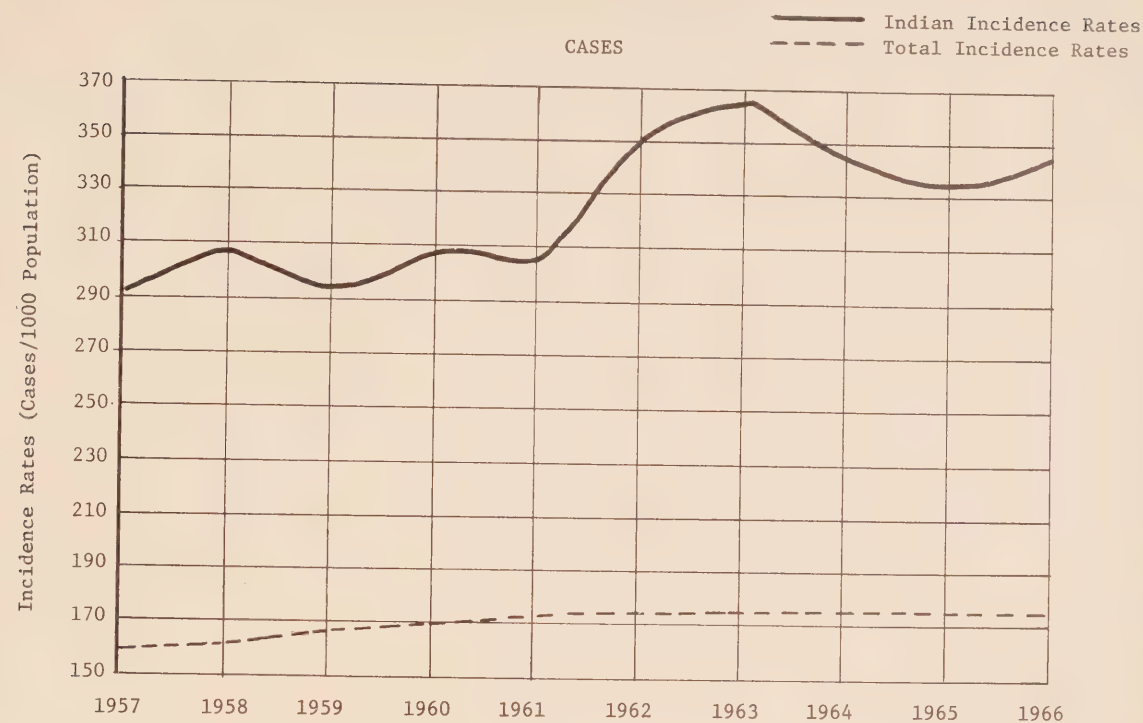
* Based on fewer than 10 cases.

** For designation of major diagnostic groups see Table 9 or Table 10.

Source: *Hospital Statistics of Cases Discharged During 1966*, p. 112.

FIGURE 2

INCIDENCE RATES AS A FUNCTION OF TIME (1957-1966)



Source: Hospital Statistics of Cases Discharged During 1966, p. 127.

FIGURE 3

AVERAGE LENGTH OF STAY AS A FUNCTION OF TIME
FROM 1957 TO 1966, FOR INDIAN AND TOTAL POPULATION OF B.C.



Source: *Hospital Statistics of Cases Discharged During 1966*, p. 128.

TABLE 18

STATISTICAL SUMMARY OF SELECTED ACTIVITIES
OF PUBLIC HEALTH NURSES - 1966

<u>Immunizations</u>		<u>Nursing Care</u>	
Smallpox	80,445	New patients	4,531
Oral poliomyelitis	166,323	Total Number patients	5,229
Basic series	24,009	Total visits	55,512
Other	132,711		
Total doses	379,479		
<u>Tests</u>		<u>Mental Health</u>	
Tuberculin	21,094	Preschool service	1,107
Other	2,491	School service	8,239
		Adult service	6,603
		Retardation visits	689
		Total service	16,638
<u>Service in School</u>		<u>Communicable Disease</u>	
Direct by nurse	273,826	Tuberculosis visits	13,229
Teacher-nurse conference	6,251	Venereal disease visits	5,559
Conference with staff	58,431	Other communicable disease	4,477
Meetings	2,007	Prophylactic injections	6,386
<u>Expectant Parent Classes</u>		<u>Other Services</u>	
Mothers - new	2,150	Infant	15,693
- attendance	10,071	Preschool	33,658
Fathers - new	568	School	43,805
- attendance	1,928	Adult	42,087
		Allied worker consultations	23,700
<u>Child Health Conferences</u>		<u>Total Visits to Homes</u>	
Infants - new	13,719		154,918
- attendance	56,349		
Preschool - new	7,858		
- attendance	95,917		
<u>Prenatal</u>		<u>Total Telephone Services</u>	
Prenatal visits	3,830		150,859
Postnatal visits	21,010		
New infant visits	18,147		

N.B. These statistics concern the services provided under the jurisdiction of the Provincial Health Branch and do not include services provided by Greater Vancouver, Victoria, Esquimalt, Oak Bay, and New Westminster.

Source: B.C. Dept. of Health Services and Hospital Insurance, Victoria, B.C.

TABLE 19
REVIEW OF PROVINCIAL PUBLIC HEALTH NURSING ARRANGEMENTS
AS OF 15 NOVEMBER 1967

Area	Population Apr./66 to Mar./67 billing	Arrange- ment	Effective Date	Remarks
<u>Coqualeetza Zone</u>				
Lytton-Lillooet				
Boothroyd	109	\$1.25		This appears to be a long standing arrangement and there is no indication that it was (considered) altered by the July 1967 reversal.
Boston Bar	44			
Clinton	22			
High Bar	2			
Spuzzum	30			
	<u>207</u>			
Pavilion	120			Despite an "exchange" arrangement effected 1 Sept. 1964, a further decision was made in July 1967: Revert to 1964 arrangement whereby I.H.S. nurse at Lillooet will look after Indians and the Province assume responsibility for non-Indians at Lytton (441).
Shalalth & Seton	260			
Bridge River	<u>110</u>			
	<u>490</u>			
Spences Bridge			<i>Proposed</i> (1 Sept. 1964)	I.H.S. nurse at Merritt to take over non-Indians at Spences Bridge (school 53, non-Indian population 250). This arrangement never actually went into effect and the Province continues to cover Spences Bridge.
Kootenay Agency				
Columbia Lake	97	\$1.25		This appears to be a long standing arrangement. (Prior to 1961)
Lower Kootenay	66			
Shuswap	74			
St. Mary's	146			
Tobacco Plains	<u>55</u>			
	<u>438</u>			
Okanagan				
Lower Similkameen	136	\$1.25		This appears to be a long standing arrangement.
Osoyoos	139			
Penticton	187			
Upper Similkameen	21			
Okanagan (Westbank)	<u>120</u>			
	<u>603</u>			
Okanagan Reserve	641		<i>Proposed</i>	Province says: Due to lack of staff any action must be postponed (27 October 1966).
Fraser Agency				
Coquitlam	16	\$1.25		This is a long standing arrangement.
Homalco	208			
Hope	93			
Klahoose	52			
Langley	63			
Ohamil	44			
Peters	24			
Semiahmoo	25			
Sliammon	347			
Tsawwassen	49			
Yale	<u>37</u>			
	<u>984</u>			
Sechelt	432 on Reserve (including 78 in Res. School) plus 35 from Sliammon, Homalco & Klahoose in Res. School		1 Sept. 1965	Exchange of service for additional one week of I.H.S. nurse time to estimated 2,000 whites in Queen Charlotte Islands.

TABLE 19 (cont'd.)

Area	Population Apr./66 to Mar./67 billing	Arrange- ment	Effective Date	Remarks
<u>Coqualeetza Zone</u> (cont'd.)				
Squamish				
Squamish	100	\$1.25	1 Mar. 1962	
Katzie (Barnston Island)	30 130			
Katzie (Hammond)	108	\$1.25	1 Sept. 1966	
Burrard) Squamish)	671 (Apr. 67 to Sept. 67 billing)	\$2.00	1 Apr. 1961	This is a long standing arrangement begun at \$1.25 per capita and later negotiated with North Shore H.U. at \$2.00 per capita.
Musqueam	320 (Sept. 67 billing)	\$1.25		This is a long standing arrangement.
Devine) D'Arcy)	82		1 Jan. 1963.	South Central H.U. nurse at Pemberton responsible for Indian population at Devine and D'Arcy. No exchange for our service. No charge by Province.
Cultus Lake Area				
Skulkayn	44	\$1.25	1 July 1967	
Treachton	112			
Yakweakwioose	33			
Scowahlie	127 316			
Sumas			<i>Proposed</i>	Planned in March 1965 to be in effect on 1 Sept. 1965.
Williams Lake Area				
Sugar Cane	200		<i>Proposed</i>	Province could not provide service due to lack of staff, as of March 1967.
Nazko/Canoe Creek	236		1 Sept. 1966	Province will cover Canoe Creek and Medical Services will cover non-Indians in Nazko area (1 room school with 9 children).
<u>Miller Bay Zone</u>				
Stuart Lake				
Stoney Creek	212	\$1.25	1 May 1961	
McLeod River)	225	\$60 per month	1 Mar. 1961	4 days service per month. This repre- sents the approximate cost of salary for 4 days service by a Provincial public health nurse.
McLeod Lake) Shelley) Fort George)				
Burns Lake				
Cheslatta	75	\$1.25	1 Oct. 1966	
Decker Lake	20			
Topley Landing	75 170			
Burns Lake Band	23)	\$1.25	Proposed 1	Provincial nurses have been providing service, despite lack of agreement.
Lake Babine Band (Est)	200)		Sept. 1965.	
(New Reserve in Burns Lake)			No firm agreement made.	
Fort St. John	747	\$465 per month (1967 figure)		Medical Services to pay the salary of one nurse at prevailing Provincial rate.
Yukon				
Telegraph Creek		\$290 per month (1967 figure)	1 Apr. 1959	Medical Services to contribute 70% of operating cost to a ceiling of \$3,500 per year.

TABLE 19 (cont'd.)

Area	Population Apr./66 to Mar./67 billing	Arrange- ment	Effective Date	Remarks
<u>Miller Bay Zone</u> (cont'd.)				
Terrace				
Kitimat	573	\$1.25		Appears to be a long standing arrangement.
Kitsumkalum	50			Appears to be a long standing arrangement.
Port Hardy				
Port Rupert	Approx. 300	Exchange I.H.S. provides public health nurse service to Echo Bay, Simoon Sound, Minstrel Island. (Est. 200)	1 Jan. 1963	In 1966 there was a migration of Indians to the Port Hardy area. In 1967 Provincial officers expressed great distress over the amount of public health nursing time these people need. In a Victoria meeting it was decided: (a) Medical Services nurse from Alert Bay will provide 2 days service per week; (b) Dispensers will be employed at Port Rupert (achieved 22 June 1967) and at Tsulquate (achieved 26 Sept. 1967); (c) A community health worker will be placed in Port Hardy area, perhaps in the Fall of 1968; (d) That a Medical Services public health team will be directed to the area oftener than in the past.
Churchouse				
Homalco	214		<i>Proposed</i>	Not yet in effect. To be further discussed.
Klahoose	100			
	314			
Bella Coola				
Bella Coola Band	518		1 Jan. 1963.	I.H.S. nurse, Bella Bella, is responsible for the while population in Bella Bella East (75), Namu (transient), Shearwater (100). The Provincial public health nurse, part-time, at Bella Bella, is responsible for the Indian population at Bella Coola.
<u>Nanaimo Area</u>				
Cowichan				
Beecher	55	\$1.25		These are long standing arrangements. (Prior to 1960)
Esquimalt	43			
Nanaimo	441			
Nanoose	61			
Pacheenaht	101			
Qualicum	22			
Songhees	112			
Sooke	34			
	869			
Pauquachin	103	\$1.25	1 Mar. 1962	
Tsartlip	247			
Tsawout	191			
Tseycum	40			
Shell Beach				
Chemainus Bay (Ladysmith)	338	\$1.25	1 July 1966	
Duncan	1,374		<i>Proposed</i>	Provincial officers indicated that by 1 Sept. 1967 they will be in a position to consider having I.H.S. second a nurse to them to take over public health nursing.
West Coast				
Ohiet	156	\$1.25		These are long standing arrangements. (Prior to 1960)
Opetchesehat	76			
Sheshant	278			
Uchucklesaht	49			
	559			

TABLE 19 (cont'd.)

Area	Population Apr./66 to Mar./67 billing	Arrange- ment	Effective Date	Remarks
<u>Nanaimo Area (cont'd.)</u>				
Kwawkewlth				
Campbell River	102	\$1.25		These are long standing arrangements. (Prior to 1960)
Cape Mudge	252			
Comox	68			
Kwiakah	7			
	429			
<u>Queen Charlotte</u>				
Islands Indians	1,300	Exchange	1 Jan. 1962.	Medical Services nurse would offer attention to non-Indians at Sandspit, Port Clements, T'Lele, Queen Charlotte City, Massett. (About 5 days per month.) Provincial nurse would take over Metlakatla (40 to 90 people) to a maximum of her ability. (one to 2 trips per month.)
Other than Indian	3,000?			
			1 Sept. 1965	Medical Services nurse give additional one week's time to properly cover the non-Indians in Queen Charlotte Islands. In exchange Province to provide service to approximately 500 Indians in Sechart, and whole arrangement to be subject to review, particularly if non-Indian population on Queen Charlotte Islands exceeds 2,000.

Source: Indian Health Services, Vancouver.

TABLE 20

B.C. HOSPITALS RECEIVING OVER \$25,000 FROM B.C.H.I.S. IN 1966

<u>Location</u>	<u>Name of Hospital</u>	<u>Cases</u>	<u>Days</u>	<u>Gross Expend. Per In- Patient Day</u>	<u>Payment</u>
Alert Bay	St. George's	869	9,816	\$20.66	\$ 198,774
Ashcroft	Lady Minto	213	1,506	22.94	29,514
Bella Bella	R. W. Large Memorial	653	5,262	27.33	113,922
Bella Coola	Bella Coola General	384	2,960	33.77	72,816
Burns Lake	Burns Lk. & District	433	4,798	24.66	93,561
Campbell River	Campbell R. & District	156	1,420	28.75	33,867
Chemainus	Chemainus General	251	2,306	23.23	46,927
Chilliwack	Chilliwack General	277	2,217	25.82	52,986
Cranbrook	St. Eugene	91	1,172	29.90	28,128
Duncan	King's Daughters	345	2,364	27.18	57,209
Esperanza	Esperanza General	253	1,541	32.32	35,443
Fort Nelson	Ft. Nelson General	194	1,045	35.36	26,230
Hazelton	Wrinch Memorial	929	8,931	21.80	183,532
Kamloops	Royal Inland	409	4,029	34.85	106,970
Kitimat	Kitimat General	536	4,917	34.60	126,613
Ladysmith	Ladysmith & District	255	1,831	28.32	40,648
Lillooet	Lillooet District	385	2,937	26.91	62,113
Lytton	St. Bartholomew's	394	3,070	26.59	71,071
Merritt	Nicola Valley	319	2,986	28.74	63,751
Mission	Mission Memorial	163	1,596	32.47	35,591
Nanaimo	Nanaimo Reg. General	186	2,003	29.58	52,679
	Nanaimo Indian	241	4,843	26.86	70,224
	(extended care)	5	965		6,755
Penticton	Penticton	149	1,470	29.70	37,338
Port Alberni	West Coast General	189	1,534	28.68	38,503
Powell River	Powell River General	180	2,592	30.18	64,022
Prince George	Pr. George Regional	149	2,003	29.02	47,371
Prince Rupert	Prince Rupert General	568	4,192	29.62	108,992
	Miller Bay Indian	515	7,486	26.86	108,547
Queen Charlotte City	Q.C. Islands General	281	1,579	24.82	31,185
Quesnel	G. R. Baker	114	1,928	26.85	43,091
Sardis	Coqualeetza Indian	178	5,538	23.24	80,301
Sidney	Rest Haven	177	1,419	27.69	33,843
Smithers	Bulkley Valley	324	3,535	22.17	68,756
Terrace	Mills Memorial	224	2,200	27.48	50,050
Tofino	Tofino General	376	2,836	26.92	58,563
Vancouver	Shaughnessy	42	1,452	n.a.	33,396
	St. Paul's	500	7,760	37.83	247,932
	Vancouver General	242	6,988	40.09	233,050
Vanderhoof	St. John	566	5,905	23.25	121,053
Victoria	Royal Jubilee	131	1,548	37.63	46,595
	St. Joseph's	238	3,387	38.67	104,997
Williams Lake	Cariboo Memorial	564	6,627	28.119	140,161
TOTAL ALL HOSPITALS		15,069	158,367		\$3,593,226
PAYMENT PER DAY NON-FEDERAL HOSPITALS		\$23.85			
PAYMENT PER DAY ALL HOSPITALS		\$22.69			

Source: Research Division, B.C.H.I.S., Victoria. Costs per day from *Hospital Statistics* . . .
1966.

CHAPTER 4

COMMUNITY DEVELOPMENT AND HOUSING

I.A.B. expenditures for Indian Community Development and Housing during 1966-67 (B.C. only) and 1967-68 for B.C. and the Yukon, are outlined in Table 1. The total expenditure of \$2.36M amounted to 12.8% of total expenditure of \$18.6M by I.A.B. in B.C. during fiscal 1966-67.

While the 1967-68 figures represent the B.C. Region, and therefore include the Yukon, we can still observe a large increase in the total expenditure in 1967-68.¹ Total expenditure increased to over \$3.67M, an increase of 50% over 1966-67. The largest increase is in Housing which more than doubled from \$966,253 in 1965-66 to \$2,069,664 in 1967-68.

Since housing is the largest single expenditure on our list, we shall begin there. As we noted above, expenditures on housing by I.A.B. have doubled in the past year. It is important to remember that both Indian Bands and Indian individuals make substantial contributions toward the cost of housing. During fiscal 1964-65 \$200,449 was expended from Band Funds in B.C. and the Yukon while another \$184,125 was the amount of personal contributions. These amounts are out of a total housing program expenditure of \$960,000. In 1965-66 B.C. Indian individuals contributed \$316,584 and Bands appropriated \$206,424 out of a total housing expenditure of \$1,503,746. During 1966-67 the Bands spent \$220,530 on housing and personal contributions by Indians amounted to another \$264,287. In addition, I.A.B. appropriated \$1,162,377 in capital construction costs plus over \$150,000 for operations and maintenance with respect to Indian housing in B.C. and the Yukon. During fiscal 1967-68 a total of \$3,268,000 was spent on Indian housing in the B.C. Region. Just over \$2M of this total came from I.A.B. appropriations. Band funds provided for housing amounted to \$902,000 (up from \$221,000 in 1966-67), and personal contributions totaled \$363,000--up from \$192,000 in the previous year. A more complete picture of the Housing program since 1960-61 is given in Table 2.

Table 3 provides selected data on Roads, Electrification and Sanitation, as well as Housing, for 1966-67. Work is proceeding, but the need is great as we can see from these few statistics characterizing

¹The Yukon expenditure in 1966-67 amounted to less than \$40,000 of total Region expenditure on "Community Development and Housing."

the situation at the end of March, 1968:

Total houses in Region*	(1967)	-	5,878	
No. with electricity		-	3,729	64%**
No. with sewer or septic tank		-	1,509	26%
No. with running water		-	2,413	41%
No. with indoor toilet		-	1,447	25%
No. homes required <i>on</i> reserve, 1968/69		-	353	
No. homes required <i>on</i> reserve, 1967/71		-	2,149	
No. homes required <i>off</i> reserve, 1968/69		-	135	

* B.C. and Yukon.

** Out of the total number of houses.

The situation is summarized quite eloquently in a recent document produced by the regional office in Vancouver:

For many years now this region has been confronted with the very serious problem of providing more and better housing for the Indians. An exploding population, together with a resulting rapid increase in new family formations, generated a situation where additional housing became a matter of pressing necessity. Construction of Indian homes has therefore been the object of much concentrated endeavour in this region to the degree that during the last eight years 1,354 new homes were completed and construction commenced on 21 more. However, this intensive construction program fell far short of actual requirements, limited as it was by the amount of funds available for the purpose. Accordingly, allotment of new housing during this period had to be made strictly in priority order based upon circumstances representing the greatest degree of need. As our Band populations continued to increase at a rate faster than new accommodation was created, this led to a situation where today a very considerable backlog in required housing exists. To relieve the worst of the pressure it is imperative that 353 new homes be constructed during 1968-69, and in order to remove all backlog and also provide for anticipated new family formations, it is essential that a total of 2,149 units be built during 1967-71. Worthy also of note is the trend to off-reserve residence by the Indians, this in spite of the fact that almost all persons of Indian status experience disability in obtaining normal financial assistance when attempting to establish themselves in the non-Indian communities. To assist those Indian people desiring gainful employment involving relocation, 135 homes should be made available in off-reserve locations during 1967-69.²

² Data above and quotation from *Information and Statistics*, The British Columbia and Yukon Region, 1 January 1968, I.A.B., Vancouver, page 2.

TABLE 1

EXPENDITURES ON COMMUNITY DEVELOPMENT AND HOUSING

Classification	O & M 1966/67	Capital 1966-67	Total 1966/67	O & M 1967/68	Capital 1967/68	Total 1967/67
Engineering & Const. (Admin.)	\$187,823	\$	\$ 187,823	\$262,547	\$ 3,474	\$ 266,021
Community Planning	34,484		34,484	26,918	9,249	36,167
Community Indian Housing	136,511	922,253	1,102,764	140,308	2,069,664	2,209,972
Community Road Systems	77,187	103,095	180,282	49,841	64,828	114,669
Community Water Systems	65,741	380,591	446,332	17,264	416,899	434,163
Community Sanitation	13,399	86,250	99,649	799	207,550	208,349
Community Electrification	3,822	25,630	29,452	3,033	99,904	102,937
Community Facilities (other)	21,983	54,169	76,152	27,087	97,997	125,084
Community Employment Projects	86,554	117,793	204,347	102,935	65,742	168,677
Totals	\$627,504	\$1,733,781	\$2,361,285	\$630,732	\$3,035,307	\$3,606,039

Source: I.A.B., Vancouver.

TABLE 2
INDIAN HOUSING PROGRAM 1960-68
B.C. REGION

Fiscal Year	Started before, completed during fiscal year	Started & completed during fiscal year	Started during fiscal year, not completed	From welfare ap- propriation	From Band Funds	From V.L.A. Grant	From Per- sonal Con- tribution	Total Expenditure
1960-61	33	158	(68)	\$ 453,281	\$104,458	\$2,320	\$211,602	\$ 771,661
1961-62	(51)	185	(122)	451,760	169,298	-	214,510	835,568
1962-63	(52)	143	(88)	369,325	152,181	-	188,331	709,837
1963-64	(62)	124	(71)	374,121	154,356	-	177,340	705,817
1964-65	(36)	174	(99)	672,666	173,795	-	170,850	1,017,311
1965-66	(54)	194	62	796,962	206,477	-	268,020	1,271,459
1966-67	(62)	190	81	1,376,949	220,531	-	192,187	1,789,667
1967-68	26	283	104	2,003,592	901,775	-	362,798	3,268,165

Source: *Information and Statistics*, 1 January, 1968, I.A.B., Vancouver (Mimeo), p. 12.

TABLE 3
PHYSICAL DEVELOPMENT PROGRAM
B.C. & YUKON

Housing:

Target no. of units	275
Total no. completed 1966-67	302
Total amount spent 1966-67	\$1,452,719
B.C. only	\$1,160,443
Total no. constructed 1965-66	242
Deficiency number (cumulative)	1,397

Roads:

Target no. of miles 1966-67	115.75
Total miles completed 1966-67	53.75
Total amount spent 1966-67	\$ 168,885
Total miles constructed 1965-66	49.4

Electrification:

No. of reserves to receive community electrification 1966-67	18
No. of homes receiving electrification for first time 1966-67	330
Total amount spent 1966-67	\$ 77,014
Target no. of homes to receive electrification 1966-67	291

Sanitation:

No. of reserves to receive community utility services 1966-67	31
No. of houses receiving pressurized water for first time 1966-67	179
No. of houses receiving sewer or septic tank for first time 1966-67	195
No. of houses receiving indoor toilets for first time 1966-67	152
Total amount spent on utilities 1966-67	\$ 276,207

Source: I.A.B., Ottawa.

Because of the very rapid growth in expenditures for Social Welfare there has been a tendency for unplanned increases in social assistance costs to be met, not by obtaining supplementary appropriations, but by cutting back other programs in the "Development" category. Since both Social Welfare and Housing, etc. come under the Development heading it is administratively "convenient" to maintain the same budget total by reducing outlays on housing, roads, electrification and sanitation as those on social assistance rise. This seems to us to be a short-sighted policy. One of the problems of Indian development is that it seems to be "all of a piece." It is possible that, unless all programs are undertaken simultaneously in a closely coordinated fashion, any individual program will meet with very limited success when undertaken alone. In other words, we have a situation similar to that faced by many underdeveloped countries--the *whole* of an integrated development program is much greater than the sum of its individual parts.

The record is not unimpressive. However, we must reflect upon the huge gap between the living conditions of most non-Indian British Columbians and B.C. Indians. Below we relate material taken from the subsidiary records of the 1961 Census. Except in a few instances where the sample size is too small to permit sufficient accuracy, we have classified the survey results by Census Divisions. A small map is reproduced to give the reader the geographical location of the ten Census Divisions. The survey is based upon an approximate 25% sample of homes on Indian reserves only. As a consequence we can state that the results for the aggregate are very reliable. A detailed examination of Tables 4(a), 4(b), 4(c) will be well-rewarded. The overall results may be characterized as follows: While 97.8% of the homes are single-family detached dwellings, most of which are owned outright (88.3%), the dwellings are relatively old (45.6% constructed *before* 1945), they lack most conventional services or the services are relatively primitive (e.g., only 16.6% had a sewer or septic tank, 81.4% had only outside facilities or no toilet at all, 68% had no running water and 83.8% had no bath facilities. Ninety-one per cent are heated by stoves--almost all (84.5%) are wood stoves). The homes are of low assessed value (57.9% under \$3,000).

We have included these 1961 data for two reasons--first they provide a basis of measuring the housing and community development *needs* of B.C. Indians. Second, these data are much more detailed than those made available by the biennial Housing Surveys conducted by the Branch. A summary of the March 1967 Housing Survey and 1966-67 housing construction program is presented below. Table 5 presents the results of this Housing Survey by agency and for all of B.C. In Table 6 we present a summary of results of the past three housing surveys with some information from the 1961 Census for comparison where the definitions permit.

Let us first examine the 1966-67 survey results in B.C. The most striking thing about Table 5 is the existence of great disparities in the level of housing services enjoyed by Indians in different agencies. For example, while (on the average) 16.2% of the houses had only one or two rooms we find that the range was .8% in Terrace to 43.8% in Williams Lake. To add to the disparity, we note that the average family size in

MAP 1
BRITISH COLUMBIA CENSUS DIVISIONS, 1961



Source: 1961 Census, D.B.S.

TABLE 4(a)

1961 CENSUS ON-RESERVE HOUSING SURVEY

		% of dwellings single detached	% owned as op- posed to rented	Length of occupancy		Period of Construction			Condition of Dwelling			Heating Equipment	
				6 to 10 yrs.	11 or more yrs.	before 1920	1920- 1945	1946- 1959	Good	Minor Repair	Major Repair	Stove	Hot Air
Total B.C. Indian Reserves		97.8	88.3	21.4	42.9	14.1	31.5	47.7	35.0	37.0	28.0	90.8	7.8
Census Division	1	100.0	92.3	30.8	23.1	-	15.4	76.9	69.2	7.7	23.1	92.3	-
	2	s a m p l e s i z e t o o s m a l l											
	3	97.1	94.3	17.1	45.7	22.9	25.7	42.9	60.0	11.4	28.6	91.4	-
	4	98.4	96.0	32.0	32.8	9.6	37.6	48.8	27.2	48.8	24.0	88.8	10.4
	5	97.3	69.9	26.1	42.9	10.6	31.0	51.8	29.2	39.8	31.0	88.9	10.2
	6	98.2	96.4	16.0	48.4	16.4	27.6	48.4	39.6	39.1	21.3	96.4	2.7
	7	95.6	91.1	14.4	42.2	1.1	51.1	38.9	25.6	46.7	27.8	76.7	21.1
	8	99.4	91.9	21.5	44.2	17.4	30.8	46.5	29.1	33.7	37.2	95.9	4.1
	9	95.8	87.5	15.8	42.5	22.5	25.8	45.0	47.5	28.3	24.2	86.7	10.8
	10	100.0	100.0	18.5	48.1	25.9	22.2	37.0	40.7	18.5	40.7	100.0	-

Source: 1961 Census, D.B.S.

TABLE 4(b)

1961 CENSUS ON-RESERVE HOUSING SURVEY

		Heating Fuel		% without refrigerator	% without freezer	% without television	% without automobile	% without sewer or septic tank	% without toilet fac- ilities or outside	% without running water	% without bath facilities	No. of Rooms per Dwelling			
		Wood	Liquid									1 or 2	3 or 4	5 or 6	over 6
Total B.C. Indian Reserves		84.5	13.1	76.4	96.0	81.6	76.2	16.6	81.4	68.0	83.8	21.1	44.3	28	6.5
Census Division	1	100.0	-	84.6	92.3	100.0	53.8	-	100.0	100.0	100.0	-	92.3	7.7	-
	2	s a m p l e s i z e t o o s m a l l													
	3	94.3	2.9	74.3	94.3	68.6	54.3	11.5	88.6	74.3	88.6	11.5	34.3	51.4	2.9
	4	76.8	16.8	52.0	98.4	47.2	65.6	32.8	67.2	53.6	69.6	9.6	61.6	24.8	4
	5	76.5	19.0	63.7	91.6	56.6	61.9	32.3	67.7	54.4	72.1	7.9	44.7	39	8.3
	6	95.6	3.1	82.2	99.6	96.9	73.8	3.6	93.8	86.7	94.2	29.3	48.5	21.3	1.9
	7	75.6	23.3	71.1	94.4	96.7	96.7	26.7	68.9	32.2	73.3	12.2	36.6	40	11.1
	8	96.5	2.9	91.3	97.7	97.1	84.3	4.1	95.9	90.7	95.9	44.8	39.6	13.4	2.3
	9	68.3	30.8	92.5	95.0	99.2	94.2	12.5	78.3	57.5	84.2	13.3	39.9	34.1	22.5
	10	96.3	3.7	96.3	96.3	100.0	100.0	-	100.0	-	100.0	55.5	29.6	14.8	-

Source: 1961 Census, D.B.S.

TABLE 4(c)

1961 CENSUS ON-RESERVE HOUSING SURVEY

		No. of Bedrooms per Dwelling			Value of owner occupied non-farm single detached dwellings			
		0	1-2	3-4	0-2999	3000- 7499	8000- 12000	13000- 17000
Total B.C. Indian Reserves		9.7	59.3	28.9	57.9	37.1	3.9	1.1
Census Division	1	-	84.6	15.4	22.2	77.8	-	-
	2	s a m p l e s i z e t o o s m a l l						
	3	8.6	31.5	60	45.5	50	-	4.5
	4	2.4	70.4	26.4	27.7	59.7	11.8	.8
	5	1.3	62.8	35.4	44.0	48.7	5.3	2.0
	6	12.4	65.8	20.9	76.8	22.5	.7	-
	7	5.6	51.1	37.8	59.8	37.8	1.2	1.2
	8	25.0	58.8	15.1	79.2	20.1	.7	-
	9	3.3	44.2	43.3	54.8	36.5	5.8	2.9
	10	40.7	44.4	14.8	92.6	7.4	-	-

Source: 1961 Census, D.B.S.

TABLE 5
1967 HOUSING SURVEY SUMMARY OF RESULTS

Agency	Family Income Size						Condition of existing Houses			%							
	% less than \$1,000	\$1-2,000	\$2-3,000	\$3-4,000	\$4-5,000	over \$5,000	GOOD	FAIR	POOR	1-2 rooms	3-4 rooms	5-6 rooms	% electricity	% sewer or septic tank	% indoor toilet	% indoor bath	% telephone
Babine	8.8	18.8	17.4	37.0	13.1	4.8	33.2	38.6	28.2	28.2	37.8	29.8	70.3	5.2	5.2	4.7	20.9
Bella Coola	13.1	14.4	20.4	21.3	11.4	19.3	26.8	49.8	23.4	4.5	15.5	57.7	94.3	23.4	23.0	16.2	7.9
Burns Lake	42.2	16.3	25.2	15.6	.7	-	52.3	7.3	40.4	40.4	28.4	23.9	34.8	-	-	-	-
Cowichan	50.2	10.4	16.7	13.3	7.8	1.5	43.9	32.6	23.5	7.25	56.1	32.6	93.1	31.2	31.0	29.6	41.3
Fort St. John	74.0	14.0	8.0	-	4.0	-	77.8	17.8	4.4	4.4	55.5	40.0	37.8	-	-	-	4.4
Fraser	11.2	28.3	26.3	20.1	9.3	4.9	39.8	39.9	20.3	11.5	63.3	24.0	82.2	44.3	41.9	33.6	11.7
Kamloops	19.7	22.9	31.3	15.1	6.3	4.6	73.5	21.0	5.5	8.8	46.0	40.8	86.8	73.5	7.7	7.3	12.9
Koot.-Okan.	25.7	36.4	18.8	13.5	3.6	2.0	59.0	19.8	21.2	7.7	60.2	31.9	84.5	24.2	2.0	19.4	8.1
Kwakwewlth	18.0	24.3	31.5	18.6	6.9	.6	53.3	31.0	15.8	5.5	43.6	40.0	75.9	55.1	60.7	58.8	27.6
Lytton	74.5	19.0	6.5	-	-	-	54.2	27.1	18.8	8.9	51.1	40.0	37.5	7.1	3.4	3.4	2.5
Nicola	49.5	27.3	12.3	9.1	1.8	-	61.6	25.3	13.2	17.9	61.6	18.4	68.8	12.9	17.2	17.2	7.0
Skeena R.	14.4	25.6	27.7	15.8	9.1	7.3	45.6	28.9	25.5	12.6	28.9	45.6	95.9	43.1	53.9	28.0	12.4
Stuart L.	37.5	23.7	26.6	9.0	3.2	-	23.1	42.5	34.4	49.7	40.1	10.2	21.2	-	-	-	1.0
Terrace	20.9	26.5	22.4	16.5	9.6	4.0	49.6	37.8	12.6	.8	15.1	64.3	89.1	27.7	26.5	30.7	3.8
West Coast	20.4	25.4	25.4	13.8	9.1	6.0	26.4	29.1	44.5	22.6	35.9	32.2	64.4	29.1	27.1	50.0	20.8
Williams L.	53.8	30.9	9.4	3.8	1.2	.9	25.1	38.1	36.9	43.8	49.5	6.3	52.3	.6	.6	.3	3.3
B.C. No.	1715	1371	1253	897	405	238	2293	1734	1243	851	2402	1717	3832	1289	1308	1164	739
%	29.2	23.2	21.3	15.4	6.9	4.0	43.5	33	23.5	16.2	45.5	32.5	73.5	24.8	25.0	22.4	13.8

Source: Detail sheets 1966-67 Housing Survey I.A.B., Ottawa (on-reserve only)

TABLE 6

SUMMARY RESULTS OF THE HOUSING SURVEYS
1962-63, 1964-65, AND 1966-67
B.C. AND YUKON

	No. of family units	% dist. Family Income Existing Housing *							Estimated new Housing units req'd.	% No. of Rooms in Existing Dwellings				% electricity	% sewer or septic tank	% with running water	% indoor toilet	% indoor bath	% with telephone
	2,000	2,000 - 3,000	3,000 over	GOOD	FAIR	POOR			1-2	3-4	5-6	over 6	n.a.						
1962 - 63	6,176	62	20	18	44	33.8	22.2	1,046	-	-	-	-	n.a.	-	-	-	-	-	-
1964 - 65	6,016	61	20	19	45	31	24	939	19.5	45.8	29.5	5.2	61.8	21.3	36.3	21.4	17.0	12.4	-
1966 - 67 [#]	6,222	54	21	25	43	33	24	1,429	17.4	45.8	31.4	5.4	71.2	23.4	43.9	23.7	21.0	13.4	-
1961 Census					35.0 [#]	37.0 [#]	28.0 [#]		21.1	44.3	28	6.5		16.6	32.0	19.6			

* N.B. standard of evaluation used for purposes of 1966-67 Survey.

^o As of March 1967.

[#] In the 1961 Census reports the %'s refer to the categories "Good Repair," in need of "Minor Repairs" or "Major Repair," 1966-67 %'s do not quite equal those in previous table as the previous table %'s did *not* include vacant houses.

Source: 1962-63 and 1966-67 Housing Survey detail sheets, I.A.B., Ottawa and Tables 4(a), (b), (c).

the Terrace agency is 5.7 persons, while in Williams Lake it is 6.7 persons. Therefore, average family size *exaggerates* rather than compensates for the apparent inadequacy of the on-reserve housing. Similar observations can be made about the provision of "utilities."

On the average 73.5% of the houses on reserves are served by electricity--but only 21% of the houses in the Stuart Lake Agency have electricity. In contrast, over 95% of the houses in the Skeena River Agency have electricity.

Twenty-five per cent of the homes on reserves have sewer or septic tanks yet four agencies have no houses or virtually no houses with these sanitary conveniences. At the same time 73.5% of houses in the Kamloops Agency are connected to sewers or septic tanks. Since the number of houses with indoor baths and toilets are closely associated with the existence of sewers or septic tanks, both the average proportion of houses on reserves with such facilities and the range is about the same. The reader is referred to Table 5 for more detail. Telephones, probably the most ubiquitous of all utilities, are present in only 13.8% of all Indian homes in B.C. Apparently no home in the Burns Lake Agency has a telephone, but 27.5% of the homes in the Kwawkwewlth Agency have telephones.

The Indians of B.C. living on reservations may not presently enjoy the level of housing services of their neighbours,³ but I.A.B. is able to show that the standard of housing has improved over time. We refer the reader to Table 6. Unfortunately our data does not give us a satisfactory historical time series, but some inferences can be drawn. Houses are becoming larger and are deemed to be in better condition (very slight improvement is shown between 1964-65 and 1966-67 because, we are told, the standards for judging the condition of houses were raised). Increases in the number of homes served by electricity, sewer or septic tank, running water, indoor toilets, indoor baths, and telephone has been marked--especially when we realize that these improvements were carried out in a two year period. Again we repeat, progress is being made and has been made, but the standard remains quite low.

More importantly, we must distinguish between the rate of construction of new houses and the installation of improvements such as utilities and the growth of the *need* for housing. The Branch has recognized this fact in its current seven year housing program to reach the same objectives. However, we must point out that in terms of the Branch's own "estimated new housing units required," Indian Affairs has fallen further behind in its quest to meet the housing needs of B.C. Indians living on reserves. In the 1962-63 survey it was estimated that 1,046 new units were required compared to 6,176 existing family units in B.C. and the Yukon. In 1964-65 the estimate was 939 new units required

³It is *not* fair to compare B.C. averages with Indian reserves with respect to housing in view of the dominance of the urban population in the total figures. Most Indians live in what is classified (by the Census) as rural, non-farm areas.

compared to 6,016 family units. But by 1966-67 a total of 1,429 new units were required compared to 6,222 family units. The "backlog" has increased in both absolute and relative terms.

Table 7 provides data on both the (on-reserve) population, family size and housing needs by agency. The reader will note the large average size of family in every agency--the overall average size being 5.4 persons. Between April 1965 and March 1967 there were 434 new family formations, but only 310 houses were started or completed in fiscal 1966-67. The backlog continues to grow.

Table 8 sets out the number of housing units required by agency and the estimated cost for 1967-68 and for 1967-71. During 1967-68 the Branch started and completed 283 units and started but did not complete another 104 units, for a total of 387.⁴ This is well short of the target of 515 units for the Region. To meet the target for the total number of units required 1967-71 (see Table 8), I.A.B. will have to double its rate of new construction in the next three fiscal years to about 700 units per year. This is a very large (and expensive) task. It seems clear from the Minister's statement to the Vancouver Institute⁵ that "Development," including housing, is "getting the short end of the stick" in the face of rising welfare and education costs.

Both the housing problem and housing expenditures are related to the more general problem of welfare costs. As we point out in the chapter on Social Welfare, the Branch pays social assistance (S.A.) on the Provincial scale with an important exception. In most cases the shelter portion of the S.A. allotments is *not* paid to Indians living on reserves. It is felt that since the Branch makes considerable provision for Indian housing in both the construction and the maintenance and repair aspects, Indians in effect already have their housing provided by the Branch. The 1961 Census data shows that 88.3% of houses on reserves are owned by the occupant and that of the remaining, relatively few tenant occupied non-farm dwellings, 78% do not pay any rent. Apparently very few Indians pay either monthly rents or make payments on mortgages (.3%). To give the reader some indication of the shelter portion of S.A. payments, we include a table of the current provincial S.A. schedule. The term "unit" in the table refers to the number of persons in the "case."

What may we conclude with respect to on-reserve housing? Indians receive substantial benefits from I.A.B. in the form of assistance in the construction and financing of housing on reserves. In addition considerable benefits are obtained in the form of auxiliary services such as utilities and community services (roads, sanitation, water and sewage systems). Much remains to be done.

⁴See Table 2.

⁵March, 1968.

TABLE 7
POPULATION AND HOUSING NEEDS

	No. of communities	Resident population Jan. 1967	No. of family units	Average family size	New family formations April 1, 1965 to March 31, 1967	Houses completed or started 1966-67 on reserve	(Surplus) or "deficit"	No. of units required 1967-68 per <i>Information & Stat.</i> 1/1/67	No. of new houses required as of Mar. 31/67 Housing Survey	Major repairs required
Babine	8	2,167	351	6.2	22	9	13	40	69	15
Bella Coola	4	1,861	367	5.1	40	21	19	37	139	-
Burns Lake	8	845	135	6.3	11	9	2	16	45	-
Cowichan	25	3,520	652	5.4	27	14	13	51	133	85
Fort St. John	4	291	50	5.8	3	5	(2)	10	6	2
Fraser	55	4,701	948	5.0	55	28	27	41	147	17
Kamloops	9	1,450	284	5.1	28	17	11	20	23	15
Kootenay-Okan.	12	1,817	393	4.6	15	8	7	26	89	20
Kwakweth	15	1,989	333	6.0	26	18	8	45	61	34
Lytton	13	1,681	384	4.4	39	14	25	23	98	1
Nicola	13	1,040	220	4.7	24	26	(2)	20	58	13
Skeena River	8	2,798	519	5.4	4	58	(54)	25	154	-
Stuart Lake	9	1,609	312	5.2	32	14	18	33	113	32
Terrace	6	1,575	272	5.8	30	38	(8)	36	53	13
West Coast	14	1,816	319	5.7	35	13	22	24	130	40
Williams Lake	14	2,282	340	6.7	43	18	25	28	37	34
B.C. only	217	31,442	5,779	5.4	434	310	124	475	1,355	321

Source: Detail sheets 1966-67 *Housing Survey*, I.A.B., Ottawa.

TABLE 8

HOUSING REQUIREMENTS COMMUNITY IMPROVEMENT PROGRAM
B.C. & YUKON REGION

Agency	On-Reserve			On-Reserve			Off-Reserve		
	Units Req'd 1967-68	Esti- mated Cost	Units Req'd 1967-71	Esti- mated Cost	Units Req'd 1967-68	Esti- mated Cost	Units Req'd 1967-68	Esti- mated Cost	
Babine	40	\$ 280,000	168	\$ 1,176,000	5	\$ 35,000			
Bella Coola	37	259,000	147	1,029,000	20	140,000			
Burns Lake	16	112,000	72	504,000	-	-			
Cowichan	51	357,000	248	1,736,000	12	84,000			
Fort St. John	10	70,000	59	413,000	4	28,000			
Kamloops	20	140,000	120	840,000	1	7,000			
Kwawkewlth	45	315,000	187	1,309,000	6	42,000			
Lytton	23	161,000	99	693,000	4	28,000			
Nicola	20	140,000	78	546,000	3	21,000			
Kootenay-Okanagan	26	182,000	113	791,000	7	49,000			
Skeena River	25	175,000	186	1,302,000	20	140,000			
Stuart Lake	33	231,000	132	924,000	12	84,000			
Terrace	36	252,000	90	630,000	8	56,000			
Fraser	41	287,000	206	1,442,000	15	105,000			
West Coast	24	168,000	284	1,988,000	12	84,000			
Williams Lake	28	196,000	124	868,000	-	-			
Yukon	40	280,000	200	1,400,000	6	42,000			
	515	\$3,605,000	2,513	\$17,591,000	135	\$945,000			

Source: *Information and Statistics*, 1 January, 1968, I.A.B., Vancouver, (mimeo), p. 13.

Social Allowance Guide (July 1966)*

Unit	Food	Clothing, Fuel, Operating & Sundries	Total Support	Shelter	Maximum Social Allowance
1	\$ 35.00	\$10.00	\$ 45.00	\$30.00	\$ 75.00
2	60.00	20.00	80.00	45.00	125.00
3	70.00	30.00	100.00	50.00	150.00
4	85.00	35.00	120.00	55.00	175.00
5	100.00	40.00	140.00	60.00	200.00
6	110.00	50.00	160.00	65.00	225.00
7	120.00	60.00	180.00	70.00	250.00
8	130.00	70.00	200.00	75.00	275.00

Note: In the case where S.S.A., O.A.A., B.P.A., or D.P.A. is in pay and *no* SHELTER COSTS or other compensating expenses are involved, a deduction of \$15.00 (from the maximum allowance Unit 1 of \$57.50) may be used as a guide, and hence total support may be considered as comprised of \$42.50 for a spouse or first dependent; \$30.00 for the next dependent, and \$20.00 for each additional dependent.

We hasten to point out that one cannot conclude that the entire expenditure on housing described above constitutes a benefit Indians receive that other British Columbians do not. Indians located on reserves are *not* eligible for the annual B.C. Homeowner's Grant towards taxes, and for the \$500 and \$1,000 capital grants for new home owners. The former amount goes to those people purchasing a "used" home and the latter to those purchasing a newly constructed home. Of course, Indians living on the reserve do not pay taxes on their land or improvements, and for this reason they are ineligible to receive the Homeowner's Grant.

During 1967 the full resident homeowner grant was \$120; for 1968 the maximum grant was increased to \$130. The Province of B.C. paid out \$44.5M to local municipalities on behalf of B.C. residents in 1967-68. If Band Councils were to form local governments on the reserves and levy taxes, individual Indian residents would presumably be eligible to receive the Homeowner's Grant. Under the *Provincial Homeowner Grant Act* the grant applies first to local school levies (\$37.34M in 1967-68), and the balance is applied to reduce other local levies (\$4.15M in 1967-68). The minimum tax payable is one dollar. In order to gain the maximum benefit from the grant, the Band Council would have to levy at least \$130 in taxes per residence. If this was done the Band Councils *could* receive over \$650,000 (5,779 homes at \$130) from the B.C. government--an interesting proposition.

* Obtained from B.C. Dept. of Social Welfare, Victoria.

In addition we have pointed out that much of the housing expenditure relates indirectly to expenditure on social welfare. It is quite conceivable that the \$3M spent on social assistance in 1966-67 in B.C. would be increased by about one-third to 40% if the shelter portion of S.A. was paid in *cash* as welfare, rather than being paid, in effect, under the housing program. If we do this rough calculation, we find that the amount actually spent on housing (capital costs) about equals the amount of shelter costs not paid under social assistance.

The New Off-Reserve Housing Program

Spring of 1967 saw the passage of the Indian Off-Reserve Housing Regulations--a step which will be of major importance to the Branch and to individual Indian families. Presently, over 27% of the number of Indians in B.C. reside *off* the reserve. Until the emergence of the new program, Indians leaving the reserve could not obtain assistance from the Federal government in the purchase or maintenance of a home. From the point of view of housing at least, *the incentives were slanted in favour of residence on the reserve*. The potential benefits to specific Indian families are large indeed. While it is customary to think that the costs to I.A.B. are equal to the benefits to the Indian family, the Branch may look forward to a large harvest of indirect benefits. These will include lower social welfare costs as a "positive spiral" is initiated and sustained, and enormous goodwill as Indians achieve equality and dignity in what has been called the "dominant society."

As of January 1967 about 12,000 Indians were permanently residing off the reserves. This number represents about 2,400 family units. While the program has a built-in income minimum and a scale of benefits which declines as the family's income increases, it would appear that a fair number of Indians in B.C. are potential applicants.

Table 8 indicates that the Branch estimates that 135 units (at \$7,000 each) were required during 1967-68 for the off-reserve housing program. However, as at the end of May 1968 only 42 of 79 applications have been approved. The details are as follows:

Off-Reserve Housing (period June 1967 to May 31, 1968)

Applications received		79
- approved	42	
- rejected	1	
- deferred due to debt	12	
- personal withdrawal	12	
- pending further detail	<u>12</u>	
	79	79
Furniture grants approved	13	

On-Reserve Housing (C.M.H.C.)

Applications received		1
- pending further detail	1	

As the Branch report points out: "This program is just beginning to gain momentum. Based on enquiries and clarification of procedures it is anticipated that applications will increase within the next few months."⁶ As we understand the intended operation of the program, I.A.B. will grant a second-mortgage loan up to the amount of \$6,000 to be paid back over up to 10 years in equal annual installments--but under Section 9 of the new regulations the Minister "may forgive an installment" provided the recipient of the loan has been in "continuous occupation," there is no substantial arrears in the first and second mortgages, the house is in a proper state of repair, taxes and insurance have been paid and the house is not being used for any purpose other than a family residence. Therefore, assuming a \$6,000 loan, 10 year repayment intended, and "annual forgiveness," we calculate the annual benefit of the second mortgage forgiven (at 8% annual interest) to be \$671. This is quite a substantial benefit. In addition a \$1,000 outright grant may be made for furnishings.

Home ownership off the reserve will make Indians eligible for the B.C. government's home-acquisition grant. The details of the capital grants are as follows:

- With the establishment of a Provincial Home-acquisition Grant Fund of \$25,000,000 in fiscal year 1966/67, a Provincial Government grant up to \$500 to all qualifying purchasers of living accommodation was introduced, effective April 1, 1966. The maximum grant increased to \$525 on April 1, 1968. This original grant now applies only to eligible residences, the construction of which commenced between April 1, 1966 and February 8, 1968, and to premises purchased between April 1, 1966 and June 30, 1968.
- 1968 amendments provide a grant of up to \$1,000 to the first owner-resident of living accommodation constructed since February 8, 1968.
- A further \$10,000,000 was paid into the Provincial Home-acquisition Grant Fund in fiscal year 1967/68.
- To date almost 31,000 eligible residents have received in grant payments a total of over \$14,000,000 toward acquiring living accommodations.⁷

In addition, the Indian owners will be entitled to receive the Provincial Homeowner's Grant of \$130 (1968) to be applied against their property taxes.

⁶Data and quotation from *Information and Statistics* 1 January 1968, I.A.B. Vancouver, p. 2a.

⁷This quotation is taken from *British Columbia Financial and Economic Review*, Twenty-Eighth Edition, June, 1968, Department of Finance, Queen's Printer, Victoria, B.C., p. 16.

The existence of the new program will enable Indians to obtain lower rates of interest (i.e., N.H.A. first mortgage) than they would probably obtain in the discriminatory open market. Home ownership itself will be a factor in increasing the Indian's ability to obtain credit for other purchases; credit which is presently difficult, if not impossible, to obtain.

What will be the benefits and costs of the off-reserve housing program? We understand that \$396,000 out of the initial "revolving" fund of \$1M has been set aside to finance the off-reserve housing program in B.C. If the maximum grant is made (\$7,000), this sum represents only 57 grants. By *any* measure of the need this is a small number indeed. If the maximum number of grants are made in the first year and implicitly repaid at 10% p.a., the potential is only 5 or 6 grants per year in the future. It does not seem enough.⁸ Obviously, the benefits to the individual family recipients are large--and greatly in excess of any direct assistance other British Columbians receive either from the Federal or Provincial Governments (excluding the various V.L.A. provisions). In receiving these benefits Indians undertake additional responsibilities. Both the land and improvements now come under the jurisdiction of the local taxing authority. The program envisages houses in the range of \$8,000 - \$20,000. Gross taxes can hardly be less than \$200 in most cases. In addition, ownership of a residence off the reserve will almost certainly entail *employment* off the reserve. In this case the Indian's income becomes subject to the encroachment of the Personal Income Tax. Full participation in "the dominant" society, then, involves both gains and losses to the Indians.

⁸ It may well be that due to the income/employment requirements and the fact that a number of Indian families off the reserve already own their own homes the actual number of applications may be quite small.

CHAPTER 5

THE ADMINISTRATION OF JUSTICE

We have included this Chapter on the "benefit" side of our (somewhat loose) "cost-benefit analysis." More correctly, we place this Chapter on the expenditure side of the revenue-expenditure framework of this Report. While we can quite easily determine the amount of money expended by the various levels of government for law enforcement and corrections, as they relate to B.C. Indians, we can in no way relate the amount expended to the "benefit" of these activities. From the point of view of the individual Indian who is arrested, prosecuted and sentenced, the "benefit" must surely be *negative*. From the point of view of society the relevant costs may be viewed as "social overhead"--or more cynically, as insurance paid by the law abiding majority against the encroachment of the criminal minority.¹ As in the chapter on Social Welfare, we shall be primarily concerned with measuring the differential incidence of Indian and non-Indian crime rates. We cannot probe into reasons and causes, for that is not within our province.

Our best estimate of the total cost of the administration of justice (the protection of persons and property) for the province of B.C. borne by all three levels of government is over \$54M during 1966-67. The "breakdown" is given below:

Federal Government:

Judges' salaries, travel etc.	$\frac{6,750}{4,567} \times 12.2M$	\$ 1.757M
R.C.M.P., B.C. Division + prop. of H.Q.		15.568
		1.846
Operations & Maintenance of Federal correction facilities		5.319
		<u>\$24.490</u>
Less payments by Province and 43 B.C. municipalities		(7.221)
Net Federal Expenditure in B.C.		<u>\$17.269M</u>

¹Most enforcement appears to be concerned with crimes against property--here the "insurance principle" seems most apt.

Provincial Government:

Department of the Attorney General (Votes 35-51, 63, 65-67)	\$ 4.311M
Payments to R.C.M.P. (Vote 64)	3.771
Operations & Maintenance of correction institutions (net)	8.477
Juvenile facilities	.985
	<u>\$17.544M</u>

Municipalities:

Administration of justice (Calendar 1966) (includes approximately \$3.5M paid to R.C.M.P.)	\$19.844M
	<u>\$54.657M</u>

We provide this estimate of the total cost of the administration of justice for the province as we are forced to rely heavily upon the comparative incidence of criminal activity among B.C. Indians and non-Indians to obtain some indication of the relative expenditures on behalf of the two groups. Only in the area of corrections can we provide some per diem costs and detailed counts of the number of Indians in the Provincial and Federal correctional institutions in B.C. We are unable to sensibly calculate the "per unit" costs of all other expenditures in the administration of justice. We will examine in turn the comparative incidence of indictable crimes, summary convictions and the number of Indian minors in Provincial training schools.

Indictable Offences

The incidence of indictable offences among Indians in B.C. is 3.6 times that for the Province as a whole. During 1966, 8.4% of the number of persons (male and female) convicted of indictable offences in B.C. were Indians, while status Indians make up only 2.3% of the total population of B.C. The province as a whole has a "crime rate" in terms of the number of persons convicted of indictable offences per 100,000 population of 1.52 times the Canadian average--see Table 1.

While B.C. has an index² of 1.52 compared to 1.00 for the rest of Canada, B.C. Indians have an index³ of 1.14 compared to all Indians in Canada. Tables 2 and 3 in the Appendix to this Chapter provide a wealth of detail on the nature of indictable offences of which B.C. Indians were convicted during 1966 and 1965 respectively.

The pattern of convictions for indictable offences by B.C. Indians is quite markedly different from both the overall B.C. pattern

² Index here refers to the number of persons convicted of indictable offences per 100,000 population 16 years and over.

³ The index here is the number of persons convicted of indictable offences per 100,000 total population.

TABLE 1

PERSONS CHARGED AND CONVICTED, BY PROVINCE,
INDICTABLE OFFENCES, 1966

Province	Persons charged	Persons convicted	Persons convicted per 100,000 population*
Newfoundland	795	784	269
Prince Edward Island	110	107	134
Nova Scotia	1,094	1,517	310
New Brunswick	1,338	1,293	332
Quebec	11,185	10,102	272
Ontario	17,946	15,745	343
Manitoba	2,773	2,482	391
Saskatchewan	2,219	2,052	334
Alberta	4,890	4,508	488
British Columbia	7,759	6,750	535
Yukon and Northwest Territories	371	330	1,454
Canada	51,080	45,678	352

* Per 100,000 population 16 years of age and over. B.C.--Higher incidence 1.52 x Canadian average.

*Source: Statistics of Criminal and Other Offences 1966, D.B.S.
#8520, Ottawa, Queen's Printer, 1968.*

TABLE 4

PERSONS CONVICTED, BY OFFENCE GROUP: INDICTABLE OFFENCES, 1966

	Canada		B.C. Indians		B.C.	
	Number	%	Number	%	Number	%
Against the person	6,948	15.2	140	24.6	912	13.5
Against property with violence	7,965	17.5	127	22.4	1,079	16.0
Against property with- out violence	23,939	52.4	227	10.0	3,568	52.9
Malicious offences against property	1,250	2.8	10	1.8	169	2.5
Forgery and offences relating to currency	1,151	2.5	9	1.7	167	9.7
Other	3,989	8.7	42	7.4	652	
Criminal Code	45,242	99.1				
Federal Statutes	428	0.9	13	2.3	203	3.0
	45,670	100.0	568	100.2	6,750	

*Source: Statistics of Criminal and Other Offences 1966, D.B.S.
#8520, Ottawa, Queen's Printer, 1968, pp. 10 and 65, 66,
and data from Judicial Section D.B.S.*

and the Canadian pattern. This can be seen in Table 4.

While 13.5% of the total number of persons convicted in B.C. were convicted for offences "against the person," the comparable proportion for B.C. Indians was 24.6%. Similarly for offences "against property, with violence" the figure for all of B.C. is 16.0% but 22.4% for B.C. Indians. Correspondingly, the proportion of offences "against property without violence" is lower among B.C. Indians (40.0%) than among all B.C. residents (52.9%).

The difference in the pattern of indictable offences is carried forward into the disposition of the persons convicted of indictable offences during 1966. Table 5 provides the data. Only 17.1% of B.C. Indians convicted of indictable offences receive a suspended sentence while 29.7% of all B.C. residents convicted of indictable offences receive a suspended sentence (with or without probation). Sixteen per cent of B.C. Indians were fined for indictable offences while 23% of the total number of persons from B.C. convicted of indictable offences are fined. Proportionately, more than one and one-half times as many B.C. Indians are sentenced to a term in a penal institution compared to the general population of B.C. A more detailed examination of the sentences is provided in Table 6.

TABLE 5

PERSONS CONVICTED OF INDICTABLE OFFENCES
1966 FEDERAL*

Sentence	Canada	B.C. Total	Indians
Suspended Sentence without probation	18.7%	13.5%	6.2%
Suspended Sentence with probation	12.5%	16.2%	10.9%
Fine	28.0%	23.1%	16.1%
Under 2 years jail	40.8%	39.8%	61.3%
Training School	-	1.5%	.2%
Penitentiary	-	5.9%	5.5%
	100.0%	100.0%	100.0%
	n=45,670	n=6,750	n=568

* *Source: Statistics of Criminal and Other Offences 1966, D.B.S. #8520.*

From Table 6 we observe that just about the same proportion are sentenced to terms in the Federal penitentiaries (5.9% for the B.C. general population versus 5.5 for B.C. Indians). The major difference lies in the proportion sentenced to terms of less than two years in jails (39.8% of all B.C. compared to 61.3% for B.C. Indians). These statistics would appear to bear witness to the following quotation taken from *Indians and The Law*:

TABLE 6

SENTENCES OF PERSONS CONVICTED OF
INDICTABLE OFFENCES, 1966

Sentences of Convicted Persons	Canada	Total B.C.		B.C. Indians	
		Number	%	Number	%
Suspended sentence without probation	5,729	914	13.5	35	6.2
Suspended sentence with probation	8,538	1,093	16.2	62	10.9
Fine	12,778	1,558	<u>23.1</u>	<u>91</u>	<u>16.0</u>
Total			52.8	188	33.1
Jail					
Under 1 month	3,610	592	8.5	69	12.1
1 month and under 2 months	1,532	216	3.2	25	4.4
2 and under 3 months	1,004	140	2.1	20	3.5
3 and under 6 months	2,607	475	7.0	65	11.4
6 months exact	1,858	393	5.8	54	9.5
Over 6 & under 9 months	168	35	.5	5	.9
9 and under 12 months	605	238	3.5	34	6.2
12 and under 15 months	1,273	318	4.7	40	7.0
15 and under 18 months	117	38	.6	2	.4
18 and under 21 months	407	118	1.7	16	2.8
21 and under 24 months	369	124	<u>1.8</u>	<u>18</u>	<u>3.2</u>
Total			39.8	348	61.3
Training school	308	99	1.5	1	.2
Penitentiary					
Under 2 years	222	10	.1	-	-
2 and under 5 years	2,219	335	5.0	28	4.9
5 and under 10 years	323	28	.3	2	.4
10 and under 14 years	58	5	-	-	-
14 and over	30	4	-	-	-
Life	37	4	-	-	-
Preventive detention	14	10	.1	1	.2
Total	2,903	396			
Death	<u>9</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	45,670	6,750	100.0	568	100.0

*Source: Statistics of Criminal and Other Offences 1966, D.B.S.
#85201, Ottawa, Queen's Printer, 1968, pp. 24, 25 and
data from the Judicial Section of D.B.S.*

It was widely reported to the project staff by institutional personnel and by Indian inmates that many of them are in jail because they cannot pay fines. Moreover, many Indian people reported that they would plead guilty rather than be remanded for later sentencing. They believed it was better to plead guilty and be convicted than to be on remand because, once convicted, they were allowed to participate fully in the jail program. Others said that police encouraged them to plead guilty on the grounds that the Court would be more lenient.⁴

We conclude this section on indictable offences by pointing out that there appears to have been an increase in the ratio of the number of B.C. Indians convicted of indictable offences to the total number of B.C. residents convicted since 1961. Table 7 presents the figures.

TABLE 7
INCIDENCE RATES⁵ FOR INDICTABLE OFFENCES

Year	B.C. Indians 1	Total B.C. 2	Ratio of 1 to 2
1961	1.15	.312	2.7
1966	1.31	.360	3.6

Sources: Indians and The Law, and Statistics of Criminal and Other Offences 1966, D.B.S. #8520.

The ratio of incidence rates has increased from 2.7 in 1961 to 3.6, the total B.C. rate in 1966. Before we become overly alarmed at the observed increase we should remember that the apparent "increase in crime" may be simply a matter of improved statistical reporting of the same number of actual crimes.⁶

Before moving on to the section on summary convictions, we will examine the *costs* of maintaining prisoners in the Federal penitentiaries located in B.C. The total net cost of "operations and maintenance" for

⁴*Indians and The Law*, Canadian Corrections Association, August 1967, p. 47. .836% of the total Indian population (1966) was sentenced to a jail term for indictable offences compared to .164% for the general population of B.C. The ratio is 5.1 to 1.

⁵Number of persons convicted of indictable offences divided by the relevant population.

⁶e.g., if the "true" number of crimes in 19X1 and 19X2 is 100 but the reported number in 19X1 is 75 and in 19X2 is 100 the *apparent* increase in the crime rate is 33%.

the Federal facilities in B.C. (the B.C. Penitentiary and its subsidiaries such as Agassiz, Matsqui Prison and the William Head minimum security installation) for 1966-67 was \$5.319M. No daily average population is given in the annual report of the Commissioner of Penitentiaries, but the average number of prisoners (based on the average of the number at the beginning and end of the year) was 986. Assuming each prisoner is in the institution 365 days per year the per capita cost per diem is \$14.78. The comparable figure for 1965-66 was only \$9.22--we can find no explanation for the very large increase. Indians account for 31 of the 396 British Columbians given terms in penitentiaries during 1966. Assuming this proportion (7.8%) can be applied to the average number of inmates who occupied the institutions, we have a fairly good indication of the "benefit derived" by B.C. Indians. If we balk at accepting incarceration as a "benefit" in the usual sense, we can simply state that only 2.3% of the total population (B.C. Indians) accounted for about 7.8% of the expenditure by the Federal government on penitentiaries in B.C. during fiscal 1966-67.

Summary Offences

During 1966 over 400,000 summary convictions were obtained in B.C. Of this number slightly more than 80% were for violations of traffic regulations. The total number of summary convictions may be broken down by statute etc. as follows:

Criminal Code	15,380
Federal Statutes	2,654
Provincial	183,783
Municipal by-laws	17,453
Prohibited Parking	182,189

Ninety-two percent of these convictions resulted in a fine (97.2% in Canada as a whole), 2.4% resulted in a jail sentence (only .9% for Canada)⁷ and 5.2% received a suspended sentence.

While the information presented so far in this section provides an overview, it does not pinpoint the number of *Indians* who received summary convictions in B.C. In fact, this information is not available, so that we are unable to perform an analysis similar to that presented in the previous section. The only detailed information we have is on the number of "B.C. Indians"⁸ admitted to Provincial jails. In other words, this information relates to only a very small proportion of the total number of summary convictions obtained in the Province, i.e., of the 400,000 summary convictions only 9,691 were sentenced to jail terms according to D.B.S. statistics. As we shall point out below there is some

⁷ Apparently B.C. judges mete out sterner penalties or B.C. citizens commit more heinous crimes.

⁸ As defined by the Director of Corrections, the statistics distinguish between "B.C. Indian" and "Non-B.C. Indian."

reason to question the veracity of these statistics collected by D.B.S.

Table 8 gives the proportion of total admissions to B.C. jails that is made up of B.C. Indians (as classified by B.C. Corrections Branch) at various points in time. Readers interested in more detail for the fiscal years 1965-66 and 1966-67 may wish to refer to Table 9 (see Appendix to the Chapter) which gives total admissions by "racial category" and by the various B.C. penal institutions.

TABLE 8

B.C. INDIANS AS % OF ADMISSIONS
TO ALL PROVINCIAL JAILS

	Fiscal 1965 -66	Fiscal 1966 -67	April 1966	Sept.63 through Jan. 64	Fiscal 1963 -64	Feb. Mar. 1963
B.C. Indians	25.3%	20.5%	24.2%)			
Male	23.4%	19.2%	18.2%)	16.6%	13.7%	14.3*
Female	52.3%	41.3%	52.9%)			

*71.2% of admittees were classified as living on reserve, 28.8% off reserve.

Source: B.C. Corrections Branch.

We note what appears to be a discrepancy in the D.B.S. statistics (taken from *Statistics of Criminal and Other Offences 1966*, D.B.S. #85201) and the figures published in the *Annual Reports* of the Director of Correction for the Province of B.C. During 1966-67 the Director of Correction reports 18,801 admissions, classified by racial category (see Table 9). For 1966 D.B.S. reports 9,691 sentenced to jail for summary convictions and 2,687 sentenced to terms of less than two years for indictable offences, 99 sentenced to "training schools" and 399⁹ sentenced to terms in a penitentiary--a total of 3,185 sent to jail for indictable offences. The total sent to jail for both summary and indictable offences is 12,876--only two-thirds the total number admitted to the Provincial jails.¹⁰

The B.C. Corrections Branch indicates that the B.C. admissions records are extremely accurate (based on daily "body counts"). The D.B.S. statistics were reported by Registrars of the Assizes and General

⁹Includes 3 sentenced to death.

¹⁰We are told that virtually all of the persons sentenced to terms of more than two years (to be served in the Federal penitentiaries) actually "pass through" the Provincial jails and so show up in the number of admissions to Provincial jails.

Sessions of the Peace, Clerks of County and District Courts, officials of Magistrates' and Family Courts, and Justices of the Peace. Since the D.B.S. reporting form is only one of several that must be filled out by the presiding judge, there may be some incidence of non-reporting to D.B.S. We therefore take the B.C. Corrections Branch figures in preference to the D.B.S. figures in measuring the proportion of Indians in the total number of admissions to the Provincial jails.

The admissions figures (summarized in Table 9) tell a sad story. Male B.C. Indians made up 19.2% of the total number of persons admitted to Provincial jails during 1966-67 (23.4% in 1965-66), yet they represent only 2.3% of the total population of B.C., an incidence rate of *eight to ten times the average for the whole province*. Indian women represented 41.2% of 1966-67 admissions and 52.3% of the 1965-66 admissions. Their incidence rate is from 18 to 23 times the average for all women in the province. This is a shocking statistic.

While the data on total admissions to Provincial jails *includes* a large proportion of the number of persons convicted of indictable offences, it is obvious that the incidence of summary convictions resulting in jail terms is about three times as high as it is for indictable offences. Unfortunately, the only indication we can get of the *comparative* incidence of persons in jail for *summary offences* is quite crude, but it does indicate that despite the disproportionate numbers of Indians convicted of summary offences, an even *greater* proportion receive jail sentences than do non-Indian offenders. Again, we suggest that Indians may be sent to jail because of their inability to pay a fine.

The cost of maintaining an individual in a Provincial jail is high. During 1966-67 the average net per diem cost (per prisoner) was \$9.02. In 1965-66 it was \$8.37. Therefore in 1966-67 Indians "received the benefit" of (approximately) 20% of the \$8.477M net cost of operating the Provincial jails.

We have some additional information on the Indian population in the Provincial jails from the B.C. Corrections Branch. An analysis of the "intake" figures for April 1966 indicates that 36.6% of the Indian offenders were under age 25 and 63.4% aged 25 years or over. Of the total number of admissions during 1966-67, 24.3% were under the age of 24. We are unable to make an exact comparison, but it appears that more of the Indian offenders are under 25 than the total for B.C. Indians appear to be more repeated offenders than non-Indians. We present some comparative statistics in Table 10 below. While one-third of the total number of persons admitted to B.C. jails had no previous admissions, only about one-fifth of B.C. Indians had no previous admissions. Of the total number of admissions, 17.4% had from four to ten previous admissions. About 25% of the number of B.C. Indians admitted had from four to ten previous admissions. We also note a considerable difference in the pattern of sentences given Indians as compared to the total numbers sentenced to jail terms. This is illustrated in Table 11 below.

Indians apparently receive *longer* sentences than do other persons

TABLE 10
RECIDIVISM

Number of Previous Admissions	<u>B.C. Total</u> Fiscal 1965-66		<u>B.C. Indians, July,</u> Sept., Oct., Nov., Dec. 1963, and Jan. 1964		<u>B.C. Indians</u> April 1966	
	No.	%	No.	%	No.	%
0	6,513	33.9	152	19.7	53	23.6
1	2,284	11.9	104	13.5	36	16.0
2	1,298	6.8	82	10.6	22	9.8
3	960	5.0	44	5.7	14	6.2
4-10	3,355	17.4	201	26.1	53	23.6
11 or more	4,812	25.0	187	24.3	47	20.9
Totals	19,222	100.0*	770	100.0*	225	100.0*

* Totals may not add due to rounding.

Source: B.C. Corrections Branch.

TABLE 11
COMPARATIVE LENGTH OF SENTENCES

Sentence	<u>B.C. Total</u> 1965-66		<u>B.C. Indians</u> July, Sept., Oct., Nov., Dec. 1963 and Jan. 1964	
	No.	%	No.	%
Less than 30 days	9,717	56.3	315	42.3
30 days, but less than six months	5,086	29.5	310	41.7
6 months to 1 year	881	5.1	411	5.5
1 year to 2 years less one day	558	3.2	25	3.4
Over 2 years	11	.6	1	.1
Definite-indefinite	1,005	5.8	51	6.9
Death	3	.2	1	.1
Totals	17,261	100.0	744	100.0

Source: B.C. Corrections Branch.

admitted to B.C. jails. Forty-two percent of the Indians received sentences of less than 30 days, but 56.3% of the total number of admissions receive similar sentences. Thirty percent of all persons admitted received sentences of "30 days, but less than 6 months," whereas the

difference is accounted for by the higher number of previous admissions among B.C. Indians illustrated in Table 10.

Indian Minors in Provincial Training Schools

If we have been "leaning on a thread" in the previous sections, we are forced to draw inferences on the basis of even more slender resources in this section. During fiscal 1965-66 15.2% of the total number of admissions to the Brannan Lake School for boys were of "native Indian status."¹¹ The average stay, for all boys, at the school was 4.3 months, and the per diem cost per boy was \$9.81. On the average, therefore, every Indian boy admitted represented a cost to the Province of \$1,265. The B.C. Indian Advisory Committee in its *Annual Report for the year ended December 31, 1967* states that during the period January 1 through September 30, 1967 Indian boys accounted for 17.2% of the total admissions to the Brannan Lake School.¹² The per diem cost during fiscal 1966-67 reported in the B.C. Department of Social Welfare Annual Report was \$8.84. Since Indian children (0-19 years) represent about 3.5% of the total number of children of the province, their relative incidence rate for admissions is 4.3 to 4.9 times the Provincial average.

During 1965-66 25% of the number of committals to the Willingdon School for girls were "native girls." In 1964-65 the proportion was 44%. The *B.C. Indian Advisory Committee Report* (p. 18) states that ". . . at the present time (end of 1967) close to one-third of the population at Willingdon School is native girls." During fiscal 1966-67 the per diem cost was \$11.76 and the average stay had been reduced to 9.5 months--so each admission represented a cost (on the average) of \$3,352. In terms of the comparative incidence of girls in the School¹⁴ the rate for Indian girls is about 9.5 times that for the general population of B.C.

¹¹Of the 51 Indians (of a total of 404 admissions), 15 were reported to have been admitted under the auspices of I.A.B.

¹²The number of previous admissions for the 62 boys was:

<u>Previous admissions</u>	<u>Boys</u>
0	49
1	11
2	1
3	1

¹³The numbers in the Training Schools are but a poor proxy for more elaborate statistics on juvenile delinquency in general.

APPENDIX
TO
THE ADMINISTRATION OF JUSTICE CHAPTER

TABLES 2, 3, 9

TABLE 2
B.C. INDIANS - 1966
OFFENCE - TYPE OF SENTENCE

Offence	Total Persons Charged	Total Persons Convicted	<u>Suspended Sentence</u>		Fine	Jail	<u>Institutions</u>		
			with Probation	without Probation			Training School	Pen.	Death
Abandoning child	4	4	2			2			
Assault causing bodily harm	54	54	4	3	17	30			
Assault on peace officer & ob- structing	40	40	1	1	22	16			
Buggery or bestiality gross indecency	1	1				1			
Causing bodily harm and danger	5	5				2		3	
Common assault	9	9	1		4	4			
Other Criminal Negligence causing bodily harm	1	1				1			
Incest	1	1				1			
Indecent Assault on female	12	12	1	1		6		4	
Indecent Assault on male	2	2						2	
Manslaughter	5	5				3		2	
Rape	1	1				1			
Sexual intercourse & attempt	1	1				1			
Threatening letters	1	1							
Dangerous driving	2	2	1		1				
Dangerous operation of vehicle	1	1				1			
Total Against the Person	140	140	10	5	44	70		11	
Breaking and Entering a Place	116	116	10	11	1	89	1	4	
Robbery	11	11		2		5		4	
Total Against Property with violence	127	127	10	13	1	94	1	8	
False pretences	10	10		1	1	7		1	
Fraud and corruption	2	2	1			1			
Having in possession	26	26	2		6	18			
Theft	189	189	30	14	31	109		5	
Total Against Property without violence	227	227	33	15	38	135		6	
Arson and other fires	1	1				1			
Other interference with property	9	9	3		2	4			
Total Malicious Offences	10	10	3		2	5			
Forgery and Uttering	9	9	3			5	1		
Total Forgery and Offences relating to Currency	9	9	3			5	1		
Attempt to commit and accessories	3	3		1		2			
Driving while ability to drive is impaired	4	4			1	3			
Driving while intoxicated	2	2				2			
Failing to stop at scene of an accident	1	1			1				
Offensive weapons	11	11	1	1	2	6		1	
Prison breach, escape & rescue	17	17			1	16			
Public mischief	4	4	1		1	1		1	
Total Other	42	42	2	2	6	30		2	

TABLE 2 (cont'd.)

OFFENCE - TYPE OF SENTENCE (cont'd.)

Offence	Total Persons Charged	Total Persons Convicted	<u>Suspended Sentence</u>		Fine	Jail	<u>Institutions</u>		Death
			with Probation	without Probation			Training School	Pen.	
Total Criminal Code	555	555	61	35	91	339	1	28	
Heroin	11	11	1			7		3	
Methadone	1	1				1			
Not Specified	1	1				1			
Total Federal Statutes	13	13	1			9		3	
Grand Total	568	568	62	35	91	348	1	31	

Source: D.B.S., Ottawa.

TYPE AND LENGTH OF SENTENCE - PERSONS CONVICTED

Type and Length of Sentence	<u>Persons Convicted</u>
Suspended Sentence; with probation	62
without probation	35
Fine	91
Jail	
under 1 month	69
1 month under 2 months	25
2 months under 3 months	20
3 months under 6 months	65
6 months	54
over 6 months under 9	5
9 months under 12	34
12 months under 15	40
15 months under 18	2
18 months under 21	16
21 months under 24	18
Training School	1
Penitentiary	
2 years under 5 years	28
5 years under 10 years	2
10 years under 14 years	
over 14 years	
life	
Preventive Detention	1
Death	
Total	568

Source: D.B.S., Ottawa.

TABLE 3
B.C. INDIANS - 1965
OFFENCE - TYPE OF SENTENCE

Offence	Total Persons Charged	Total Persons Convicted	<u>Suspended Sentence</u>		Fine	Jail	<u>Institutions</u>		
			with Probation	without			Training School	Pen.	Death
Abandoning child	4	4	3			1			
Assault causing bodily harm	56	56	5	3	17	31			
Assault on Peace officer and ob- structing	34	34	3		17	14			
Buggery or bestiality gross indecency	1	1				1			
Causing bodily harm and danger	5	5				5			
Common Assault	4	4		1	1	2			
Other Criminal									
Negligence causing bodily harm	1	1				1			
Incest	1	1						1	
Indecent assault on female	10	10	1	3		6			
Manslaughter	3	3						3	
Murder	4	4						4	
Rape	3	3						3	
Seduction	1	1			1				
Sexual intercourse and attempt	2	2				2			
Dangerous driving	1	1				1			
Total Against the Person	130	130	12	7	36	64		11	
Robbery while armed	1	1						1	
Extortion	1	1						1	
Breaking and Entering a Place	96	96	8	7	3	71		7	
Robbery	15	15				8		7	
Total Against Property with Violence	113	113	8	7	3	79		16	
False pretences	6	6	2			4			
Fraud and corruption	4	4	1			2		1	
Having in possession	27	27	3		3	21			
Theft	159	159	39	18	22	79		1	
Total Against Property without Violence	196	196	45	18	25	106		2	
Arson and other fires	1	1						1	
Other interference with property	6	6	1		4	1			
Total Malicious of- fences against Property	7	7	1		4	1		1	
Forgery and uttering	9	9		1		8			
Total Forgery and Offences relating to Currency	9	9		1		8			
Attempt to commit and accessories	6	6			2	4			
Driving while impaired	5	5			2	3			
Driving while intoxicated	1	1				1			
Failing to stop at scene of accident	2	2			1	1			
Offensive weapons	8	8	2		2	3		1	
Prison breach, escape & rescue	15	15	1		1	13			
Public mischief	2	2	1		1				
Riots	3	3				3			

TABLE 3 (cont'd.)

OFFENCE - TYPE OF SENTENCE (cont'd.)

Offence	Total Persons Charged	Total Persons Convicted	<u>Suspended Sentence</u>		Fine	Jail	<u>Institutions</u>		Death
			with Probation	without Probation			Training School	Pen.	
Driving while dis-qualified	1	1			1				
Total Other	43	43	4		10	28		1	
Total Criminal Code	498	498	70	33	78	286		31	
Post Office Act	2	2			2				
Heroin	10	10				6		4	
Total Federal Statutes	12	12			2	6		4	
Grand Total	510	510	70	33	80	292		35	

Source: D.B.S., Ottawa.

TYPE AND LENGTH OF SENTENCE - PERSONS CONVICTED

Type and Length of Sentence	Persons Convicted
Suspended Sentence:	
with probation	70
without probation	33
Fine	80
Jail	
under 1 month	55
1 month under 2 months	27
2 months under 3 months	21
3 months under 6 months	54
6 months	35
over 6 months under 9	2
9 months under 12	30
12 months under 15	39
15 months under 18	2
18 months under 21	16
21 months under 24	11
Training School	
Penitentiary	
2 years under 5 years	27
5 years under 10 years	3
10 years under 14 years	
over 14 years	
life	4
Preventive Detention	1
Death	
Total	510

Source: D.B.S., Ottawa.

TABLE 9
RACIAL CATEGORY OF ADMISSIONS
1965-66

	Oakalla Prison Farm						Haney				Vancouver Island Units						Kamloops		Prince	
	Men's Jail		Women's Jail		Chilliwack		Correctional Institution and Camps		New Haven		Main Jail		Snowdon		Lakeview		Main Jail		George Jail	
					Forest Camps	%	No.	%	No.	%	Forest Camp	%	No.	%	Forest Camp	%	No.	%	No.	%
Caucasian	9210	80	591	47	567	67	385	80½	53	93	910	80	125	71	95	79	1138	56	1007	62
Negroid	104	1	2	1	8	1	1	½	-	-	14	-	-	-	-	-	4	-	2	1
Oriental	35		5		1		4	1	-	-	1		-	-	-	-	-	-	2	
Non-B.C.																				
Indian	-	19		52	-	32	-	18	-	-	26	2	14	8	2	21	53	3	-	37
B.C. Indian*	2179		656		266		86		4	7	197	17	36	21	23		821	41	595	
TOTALS	11528	100	1254	100	842	100	476	100	57	100	1148	100	175	100	120	100	2016	100	1606	100

* Total: males 4,207; females 656.

1966-67																																											
Oakalla Prison Farm (Male)				Oakalla Prison Farm (Female)				Vancouver Island Unit				Kamloops Regional Jail				Prince George Jail				Haney Correctional Institution				New Haven				Chilliwack Forest Camps				Snowdon Forest Camp				Lakeview Forest Camp				Alouette River Unit			
No.		%		No.		%		No.		%		No.		%		No.		%		No.		%		No.		%		No.		%		No.		%		No.		%					
Caucasian	9251	81	556	51	4	1½		920	83	1062	54	845	61	431	81	46	90	495	71	141	81	98	68	127	79																		
Negroid	102	1	4	2	5			4		4		4	-	2	2	-	-	-	-	-	-	-	-	-	1	1																	
Oriental	40		2					5		3	1	-	-	2	2	-	-	1	2	2	2	-	-	-	-	-																	
Non-B.C. Indian	655	6	84	7½	13			13		7		-	-	4				-	24	4	1		4	3	11	7																	
B.C.Indian*	1430	12	454	41	166			166	15	888	45	548	39	92	17	5	10	175	25	29	17	41	29	22	13																		
TOTALS	11478	100	1100	100	1108	100	1964	100	1397	100	1964	100	1397	100	531	100	51	100	695	100	173	100	143	100	161	100																	

* Total: males 3,396; females 454.

Source: Annual Report of the Director of Correction for the years ended March 31, 1966 and 1967, Dept. of the Attorney General, Queen's Printer, Victoria, B.C.

CHAPTER 6

"PUBLIC GOODS"

Earlier in this paper we suggested that the main objectives of the public sector were twofold:

- a) the provision of goods and services to the individuals and families in the economy, and
- b) the redistribution of income among various groups in the society by a mixture of tax and expenditure programs and the flow of *transfer* payments.¹

In this chapter we will examine in more detail the public sector's role in the provision of goods and services. These goods and services may be divided into, roughly, two categories:

- i) so-called "public" goods and services, and
- ii) goods and services which are provided by the public sector which *could* be produced and distributed through the operation of the private sector, but for reasons of efficiency or choice are, in fact, provided by the public sector.

An example of the latter type of "good" is education. The idea that the public sector should "produce" the full range of educational services is relatively *new*. There is no reason at all why education could not be "produced and distributed" solely within the private sector --as in fact it once was. Even today, one prominent economist (Milton Friedman) has suggested that we separate the financing of education from the actual provision of education. In his book *Capitalism and Freedom*, Professor Friedman suggests that governments could continue to levy taxes for educational purposes; pay cash grants to individuals and establish certain standards of instruction²--but the actual ownership and operation of schools and universities would be in the hands of *private*

¹Redistribution may be by income class or by some socio-economic characteristic, i.e., age, number of children.

²The purpose of continuing to tax and then providing uniform grants is to effect redistribution of income through the provision of educational opportunities to all citizens--even those with low incomes. See Milton Friedman, *Capitalism and Freedom*, Chicago, University of Chicago Press, 1962.

individuals.

For the most part in this paper we have tried to disaggregate the expenditures of all three levels of government on goods and services in this category (ii) and to measure the incidence of such expenditures on the Indians of B.C. Not all of these expenditures have been for "goods and services." Many take the form of *transfer payments*, e.g., family and youth allowances, veterans' pensions and social assistance payments. A transfer payment may be defined as a transfer of resources (usually cash) from the government to a private individual or family for which no service or benefit is expected in return from the recipient. Such payments provide the maximum amount of allocative freedom to the recipient. The state does not provide goods and services directly, but through such payments the recipients may enter the market and create effective demand in the private sector. Transfer payments amount to about 40% of total Federal expenditures.

Let us return to the focus of this chapter--"public goods." What are "public goods?" We cannot improve upon the discussion by Professor John F. Due:

Basic traditional government activity, still a major segment in the overall picture, is attributable to the collective or public nature of certain goods and thus to the absence of the condition that goods solely convey benefits directly to individuals with no interdependence in consumption. Public goods are jointly supplied to the community as a whole in the sense that benefits accrue collectively to society. They are not appropriable by individuals, that is, they are not divisible into units that can be sold separately. Consumption by one person does not reduce the amount available to others. No one can be excluded from the benefits either in any fashion, or in a fashion tolerable to society. By their nature, these goods cannot be produced by private enterprise; in a sense governments developed initially because of the recognition that persons desired certain goods that could be provided only through an organization representing society as a whole and having powers of coercion. Private enterprise cannot produce the goods because it cannot sell them to individuals; if the goods are produced, no one can be denied benefits from them. No individual is willing to pay for the services because he knows that his willingness to pay will not result in the services being produced if other persons are not willing to pay, and if the services are provided he will benefit from them whether he pays or not. In a few instances voluntary cooperation may bring about production of public goods. If the number of persons is small, some take the initiative to get the activity under way, preferences are similar, and all persons seek to avoid the ill will of their fellows that will result if they do not cooperate, the results may be attained without the intervention of government. Some early road improvements were made in this way; sidewalks are sometimes financed by cooperative action of all persons in a block; early-day fire protection was provided by volunteer companies, individuals lured in part by the glamour of fighting fire and the praise from fellow

citizens whose property was saved. The basic obstacle to voluntary action is the difficulty in getting all or most persons to cooperate; anyone who does not will still enjoy the benefits without making a contribution. If a sidewalk is to be useful it must run the whole length of the block--and persons not contributing cannot feasibly be barred from walking on it. Provision of such services is usually possible only if government undertakes them and finances them on a compulsory basis.

National defense is the best example of a public good; benefits in the form of protection from foreign invasion, seizure of foreign territory, or prevention of invasion of friendly countries accrue indivisibly to the entire community, and no one can be prevented from benefiting. Private production is therefore impossible. Many regulatory activities of government are similar in nature; all persons benefit from pure food and drug laws and their enforcement, for example, and the benefits cannot be withheld from any individuals.³

Since one of the prime characteristics of public goods is that they involve *collective consumption* it is not possible to determine the benefit to any individual or family of the expenditure on public goods. In some sense every single individual obtains the *whole* benefit of *all* the expenditure on national defence or external affairs. The measurement of the incidence, in the usual sense, of expenditures on public goods is completely meaningless. Any assumption we make about the apportionment of their benefit, such as allocating them by total income or on per capita basis is purely arbitrary and theoretically indefensible.

We spend this amount of time on our discussion of public goods because they bulk so large in total expenditure. For fiscal 1961 Gillespie suggests that such "general" expenditures, as he calls them, amounted to 30.4% of total public expenditures.⁴ Gillespie includes the following in his general expenditure category:

- Defence and Mutual Aid
- General Government
- Natural Resources and Primary Industries
- Payment to Own Enterprise
- Protection to Persons and Property
- Others--Includes (1) the Post Office deficit, and expenditures on (2) recreation and cultural services (3) international

³ John F. Due, *Government Finance: Economics of the Public Sector*, Fourth Edition, Richard D. Irwin, Homewood, Illinois, 1968, pp. 8-9.

⁴ See Table 3.1 of W. Irwin Gillespie's *The Incidence of Taxes and Public Expenditures in the Canadian Economy*, Study #2 of the Royal Commission on Taxation, Ottawa, Queen's Printer, 1966. This figure is based on all government expenditures *net* of intergovernmental transfers such as shared-cost programs.

cooperation and assistance (4) civil defence (5) trade and industrial development (6) the national capital planning development (7) administration of the public debt (8) Citizenship and Immigration (9) housing research and slum clearance (10) Royal Canadian Mint (11) External Affairs (12) winter works projects and (13) miscellaneous expenditures.

Such expenditures on public goods amounted to 39.4% of all Federal expenditures, 15.8% of Provincial expenditures and 28.6% of all Municipal expenditures in 1961. It is very difficult to draw a hard and fast line between what Gillespie calls specific or "allocable" expenditures and what he calls "general" expenditures or what we have called expenditures on "public" goods and services. One particularly thorny problem is to decide whether interest on the national debt is a public good expenditure or whether it is specifically allocable. We do know specifically who receives the interest payments, but these are only the costs of financing *collective* benefits for which the debt was incurred.

In making an allocation by province of the total Federal expenditures in fiscal 1961-62, officials in the Federal Department of Finance allocated three types of expenditures on a *per capita* basis. These were:

- a) *Expenditures relating to the "national overhead" such as the costs of maintaining Parliament, of maintaining government's physical plant in the National Capital Area, of national debt charges, of tax collection, of the translation bureau of the Secretary of State, of the Civil Service Commission, Auditor General, Public Printing and Stationery, and Comptroller of the Treasury, etc. The benefit of such expenditures is clearly for all Canadians and it seemed logical that the allocation should be based on relative provincial populations.*
- b) *Expenditures having an indivisible national interest notably including expenditures for national defence and diplomacy. Here it was considered that the ultimate public services, i.e., national security, peace, international goodwill, international agreements, etc., were of equal benefit to all Canadians and that the fairest means of allocation would be on a provincial population basis. Payments to foreigners in Canada and to Canadians abroad were treated in the same way as other expenditures relating to foreign affairs.*
- c) *Items for which no special national allocation could be devised were in effect neutralized by means of a population allocation. The principal items so treated were the deficits of the C.N.R. and T.C.A., railway subsidies, the National Research Council, the research program of Atomic Energy of Canada Limited, the Dominion Bureau of Statistics, federal services of the R.C.M.P., meteorology, National Film Board, the Patent and Copyright Office and the government contribution to the superannuation of civil servants. Particular consideration was given to the allocation of the research program of Atomic Energy of Canada. The*

allocation here was very difficult because the expended benefits in the form of cheap power are not expected to materialize for some years. On the advice of officers of Atomic Energy, the allocation was put on a per capita basis. It was their belief that by the time atomic energy becomes a relatively low cost source of power it will be needed in all parts of Canada.⁵

All of these expenditures relate to what we have called "public goods," and the Department of Finance has seen fit to include interest on the debt in this category. If we include interest on the public debt in the general expenditure or "public goods" category, we increase these expenditures to 37.4% of total public expenditure by all three levels of government in 1961.⁶ For the Federal government, expenditures for public goods become 49% of total expenditures by that government in 1961. For Provincial governments, the proportion increases to 18.2%, and for Municipal governments it is 33.2% in 1961.⁷

In addition to those items of public expenditure that Gillespie places in this "general" expenditures category, and interest on the public debt, we have not been able to allocate specifically, several other areas of public expenditure. Using Gillespie's classification again, these are: Highways; Other Transportation; and Agriculture Expenditure. In 1961 they accounted for 8.8%, 2.6%, and 3.0% respectively of total expenditures by all levels of government in Canada.⁸ Gillespie's analysis of expenditures on highways and other transportation is based on previous studies in the United States. On the basis of these studies he allocates 25% of highway expenditures to non-highway users. "This cost element is allocated by a distribution of the value of owned property because . . . it is assumed that the value of owned land is approximately proportional to the value of an owned house; in this way the series on the distribution of the latter becomes identical with the total value of property owned."⁹ The remaining portion of expenditures on highways is divided into two parts. Fifty-six percent of the user-share is allocated to consumers of passenger travel and is distributed by the series expenditure on automobile operation. The remaining user share (44%), allocated to trucks, is distributed by the series, consumption of transported products.¹⁰ In general terms Gillespie allocates expenditures on agriculture (including subsidies) by farm income

⁵Taken from the "Reply of the Minister of Finance to Question No. 741 by Mr. Balcer Made Order for Return Wednesday, July 22nd, 1964."

⁶See Table 3.1 in W. Irwin Gillespie, *op. cit.*

⁷See Table A-11(a) *ibid.*

⁸See Table 3.1 *ibid.*

⁹*Ibid.*, p. 101.

¹⁰*Ibid.*, p. 104.

classes.¹¹ Despite the results of the U.S. studies, Gillespie's analysis of the benefit of highway expenditures seem to us to be essentially theoretical. Lacking the time and resources to do a detailed valuation of the property of B.C. Indians¹² and possessing only survey information on the ownership of automobiles and trucks by Indians, we were unable to do any analysis of highway expenditures. The results of the 1963 *Resources Survey* indicate that 32,958 B.C. Indians living on reserves owned and operated about 1,000 motor vehicles. In comparison 1,695,000 B.C. residents licenced 662,453 motor vehicles in 1963.¹³ This crude proxy would seem to indicate that B.C. Indians, on reserve particularly, receive little benefit from the expenditures on highways by all levels of government.

Our income tax sample indicated that B.C. Indians living on reserve earned very little income from agricultural pursuits. So, using Gillespie's method of allocating the benefits of all governments' expenditures on agriculture, B.C. Indians received very little benefit of such expenditures.

From the discussion in this chapter it is obvious that this study has devoted almost all of its time (and space) to a discussion of less than one-half the total amount of expenditures made by the three levels of government in B.C. We have concentrated on those expenditures which *most directly* affect Indians in B.C. and which are *most amenable to policy change*. It is in the areas of expenditure on Education, Social Welfare, Health and Hospitalization, and Community Development and Housing that the policy maker has some freedom of action to effect changes in the extent to which B.C. Indians shall share in the benefits of public expenditure.

¹¹*Ibid.*, pp. 115-120.

¹²We need to know this to allocate 25% to property owners. We could not even survey the Indians living off reserve because, for the most part, I.A.B. does not know where they are located.

¹³The total consists of 495,308 passenger cars, 120,729 commercial cars, trucks and buses, and 4,389 motor cycles. Therefore only 3% of on-reserve Indians own a motor vehicle; compared to 41.2% of all B.C. residents (29.2% owned a passenger car in 1963). The total B.C. provincial revenue per vehicle (in 1966) from the issue of licences and permits and the gasoline and diesel fuel tax amounted to about \$110 per vehicle. The average for Canada (in 1964) was about \$130. *Source: Canada Year Book, 1966*, Ottawa, Queen's Printer, pp. 779, 780.

PART II

THE INCIDENCE OF TAXATION ON THE
INDIANS OF B.C.

CHAPTER 7

THE PERSONAL INCOME TAX

Methodology Used in the Preparation of
the Sample of (1966) Income Tax Re-
turns of B.C. Indians living on Reserve

The Personal Income Tax is the largest *single*¹ source of revenue collected by the Federal government. This fact, in addition to the opinion of many that the progressive individual income tax is "the fairest of all taxes" (in an admittedly imperfect world of fiscal devices), makes an analysis of the impact of the personal income tax upon B.C. Indians imperative in our study.

(Editorial note: The authors at this point reported in detail how a sample of B.C. Indians residing on reserves who made tax returns for 1966 was compiled and used. This sample was compared with the Department of National Revenue's Taxation Statistics for the 1965 year.)

We used as our basis of comparison the results of the 1965 taxation year, as these were the latest published data. Since most of the comparisons we wish to make with our B.C. Indian sample for the 1966 taxation year are in terms of percentage distributions of various items by income class, the comparison should not suffer from the difference in the years. Indeed, the disparity between results of our sample and the published statistics for B.C. and all Canadian taxpayers is so great (as we shall see) that very minor differences in the percentage distributions between 1965 and 1966 will be of little concern. In the same vein we have not constructed confidence intervals about any of the values of the sub-cells in our results because of the large difference between the amounts recorded in the B.C. Indian sample and the aggregate statistics set forth in the publication *Taxation Statistics*.

A Fundamental Idea in Interpretation of the Data

In analyzing and presenting the results of our sample survey, we worked with a fundamental presupposition. In comparing B.C. Indians (in

¹As we shall see in the Chapter "Sales and Commodity Taxes" all of the sales taxes, excise and customs duties raise more revenue than the Personal Income Tax, but the Personal Income Tax is the largest *single* source.

this case only those living on reserves) to the total population of B.C. or of Canada, we are doing more than comparing a sample of the population to the whole. In 1966 Indians living on reserves represented 1.75% of the total population of B.C. If we were to take a purely random sample amounting to 1.75% of the total population of B.C. and then analyze their income tax returns, we should find (barring a small element of random "disturbance") that in all categories in all the sample magnitudes would be 1.75% of the grand totals for the province. Along the same lines we could consider our sample of B.C. Indian income tax payers (when properly interpreted in terms of the universe of all B.C. Indians living on reserves) to be a 1.75% sample of the population of B.C. This, however, is not the case. B.C. Indians living on reserves are NOT a random sample of the total population, but a very different racial, geographic and socio-economic *entity*. We should not expect, therefore (except by chance), that B.C. Indians living on reserves, although they represent 1.75% of the province's population, would account for 1.75% of the grand totals of each of the categories we are studying.

If we wish to draw a comparison between our B.C. Indian sample and the data on the total B.C. population, we should proceed in two stages. First, we should compare the tax "profiles" of the two groups as they appear at first glance. If, however, we are interested in isolating the (apparent) impact of the different racial characteristic alone, we must "standardize"² one group to the other so that after standardization the only difference between the two groups is racial. If, after standardizing the two groups for all possible variables explaining the initial difference in the two profiles, we still have substantial differences between them, we may *tentatively* ascribe at least some of the remaining difference to the different racial characteristic. We were unable to perform the second stage with any statistical precision, but we have tried to make the reader aware of this argument when we examine the comparative incidence rate in various chapters. In other words, when we perform this second stage we are implicitly asking the question--what is it to be an Indian? What socio-economic, geographic, education, etc., characteristics, when associated with Indian raciality, account for the observed differences between "Indians" and the general population in any dimension under consideration?

We are striving to make the same point here as we did in Section II, "Hospitalization" of Chapter 3, "Health . . ." when we pointed out that while the incidence of hospitalization among B.C. Indians was observed to be two times higher than among the non-Indian population of B.C., much of the difference could be explained by several factors. When we took into account: the age distribution, geographic location (including the urban-rural factor), and differences in socio-economic status, the real difference in the hospitalization rate was not nearly so

²In this case standardizing the deterministic characteristics of each group would include making the groups correspond in terms of the age distribution of the population, the rural-urban mix, geographic location, level of education, and other socio-economic characteristics.

large.³ To come back to our original point. When the reader sees the very large differences between our sample and the data for all B.C. residents he must keep in mind the *unique* characteristics of Indians--over and above the racial difference.

The Results of the Sample Survey of B.C. Indians

After this long (but necessary) preamble present our results. In order to facilitate comparison with the published statistics, we have divided the results of our sample into "taxable returns" and "non-taxable returns." In our very first statistic we observe large differences between the on-reserve Indian and total B.C. population results. Only 56.6% of the total number of returns filed by Indians (living on reserves) were taxable while 83% of the total number of returns filed by *all* British Columbians were taxable. For readers interested in an even broader perspective, we also present the corresponding figure for Canada as a whole. Even more striking is the proportion of the "potential income tax-paying population" which files a tax return at all.⁴ Only 12.6% of the Indian potential tax-paying population files a tax return compared to 61.5% among the similar B.C. population. (See Table 1.)

Some differences in the proportion filing are to be expected, of course. Income earned by Indians at jobs located on reserves is not taxable.⁵ Indians who earn income in kind represent a sizeable proportion of the adult Indian population--but this income is rarely taxable.⁶ Alternatively, Indians living on reserves, but who earn cash incomes in part-time or casual employment off reserve, may not pay income tax as no "T-4 slip" is submitted to the Taxation Division. Even if an Indian earns income at a place of employment which files a T-4 slip, it may not be economical to go through the process of collecting the small amounts of taxes due.⁷ In a later section we shall provide additional estimates of the distribution of Indian incomes and see how they compare to the one derived from the Indian tax sample.

³We would like to have used regression analysis to "explain" the variance in more precise statistical terms, but the data did not permit the application of this more "powerful" tool.

⁴We define the "Potential tax-paying population" as the population over 19 years of age in order to avoid the distortion caused by the relatively young Indian population.

⁵*Indian Act* Sec. 86 (1).

⁶An example of income in kind which *is* taxable is "room and board" provided by the employers in construction camps.

⁷Readers will bear in mind that a man with a non-working wife and four children has a minimum exemption of \$3,300.

TABLE 1

SUMMARY OF INCOME TAX RETURNS

	Number on- reserve B.C. Indians 1966		Number Total B.C. 1965		Number Total Canada 1965	
		%		%		%
Taxable Returns	980	56.6	605,665	83.0	5,728,942	80.0
Non-taxable Returns	750	43.4	123,616	17.0	1,434,218	20.0
Total	1,730	100.0	729,281	100.0	7,163,160	100.0
Total Population	32,790		1,797,000			
Population over age 19 ⁸	13,739		1,105,155			
% of Returns of "Potential Tax- paying Pop."		12.6		61.5		

Sources: The authors' sample survey and *Taxation Statistics*, 1967 edition, for the taxation year 1965, Dept. of National Revenue, Ottawa, 1967--hereafter, *Taxation Statistics*

As we have seen, proportionately fewer B.C. Indians file tax returns and fewer of those who file returns are taxable. Fifty-nine per cent of Indian taxable returns report an income under \$2,000 in terms of *assessed income*.⁹ By comparison only 11% of the total number of taxable returns in B.C. had a total assessed income of less than \$2,000. At the other end of the income spectrum 44.7% of the taxable returns of all B.C. residents were over \$5,000 compared to only seven per cent of the returns of B.C. Indians living on reserves. For the complete distributions by income class we present Table 2 for B.C. Indians (on reserve), Table 3 for all B.C. residents, and Table 4 for all Canadians.

⁸Called "potential tax-paying population."

⁹Throughout this Chapter when we refer to income classes, income is defined as "Total income assessed" by the Taxation Division. This is, of course, not the same as the colloquial use of the phrase, "total income," i.e., the former definition does not include income that is not subject to tax such as income earned by an Indian on a reserve or capital gains.

TABLE 2

B.C. INDIANS - (on reserve)
1966 TAXATION YEAR
TAXABLE RETURNS

Income Class (\$)	% of total no. of re- turns	% of total assessed income	% of tax- able income	% of total tax paid
under 1,000	32.65	19.68	6.39	4.69
1,000 - 1,499	17.35	13.83	9.72	8.05
1,500 - 1,999	9.18	8.78	7.24	6.12
2,000 - 2,499	9.18	9.75	9.64	9.04
2,500 - 2,999	4.08	3.89	5.05	4.70
3,000 - 3,999	12.24	15.09	18.98	17.93
4,000 - 4,999	8.16	12.34	16.50	16.68
5,000 - 6,999	3.06	5.44	8.56	10.13
7,000 - 9,999	3.06	7.40	11.76	13.60
10,000 & over	1.02	3.79	6.17	9.06
	100.00	100.00	100.00	100.00

Source: Derived from the authors' sample survey.

TABLE 3

B.C. TOTAL 1965 TAXATION YEAR
TAXABLE RETURNS

Income Class (\$)	% of total no. of re- turns	% of total assessed income	% of tax- able income	% of total tax paid
under 1,000	.53	.05	.05	.06
1,001 - 1,499	4.30	1.08	.29	.22
1,500 - 1,999	6.24	2.10	1.11	.84
2,000 - 2,499	6.95	3.00	2.07	1.58
2,500 - 2,999	7.74	4.09	3.16	2.52
3,000 - 3,999	14.35	9.62	8.23	6.92
4,000 - 4,999	15.16	13.16	11.96	10.54
5,000 - 6,999	25.98	29.49	28.85	26.40
7,000 - 9,999	13.31	20.82	22.70	21.91
10,000 & over	5.44	16.60	21.59	29.00
	100.00	100.00	100.00	100.00

Source: From *Taxation Statistics*, 1967 edition. Department of National Revenue, Taxation Division, Queen's Printer, 1967.

TABLE 4
CANADA 1965 TAXATION YEAR
TAXABLE RETURNS

Income Class (\$)	% of total no. of re- turns	% of total assessed income	% of tax- able income	% of total tax paid
under 1,000	.61	.06	.06	.07
1,001 - 1,499	4.96	1.38	.37	.29
1,500 - 1,999	6.62	2.35	1.31	.98
2,000 - 2,499	7.60	3.47	2.46	1.88
2,500 - 2,999	8.69	4.84	3.86	3.07
3,000 - 3,999	17.44	12.33	10.36	8.59
4,000 - 4,999	16.51	14.98	13.34	11.58
5,000 - 6,999	22.36	26.51	25.95	23.63
7,000 - 9,999	10.11	16.63	18.58	17.73
10,000 & over	5.17	17.53	23.72	32.17
	100.00	100.00	100.00	100.00

Source: From *Taxation Statistics*, 1967 edition. Department of National Revenue, Taxation Division, Queen's Printer, 1967.

Because of the heavy weighting of the number of Indian taxable returns in the lowest three classes (all under \$2,000) 42.3% of their total assessed income is contained in these very low income classes. For B.C. in total, only 3.2% of the total assessed income comes from those with incomes less than \$2,000--see Tables 2 and 3. Contrary to many popular notions even a progressive income tax relies upon *large* numbers of moderate income recipients for the great bulk of its revenue. In B.C. 52.3% of the total assessed income comes from taxpayers in the \$3,000-7,000 classes. For B.C. Indians living on reserves the proportion is only 32.9%. Forty-four per cent of assessed income recorded on all B.C. taxable returns comes from those with over \$7,000 in assessed income. Only 11.2% of total assessed income recorded on all taxable Indian returns comes from the over \$7,000 income classes.

Thirty-eight per cent of B.C. Indians *taxable* income comes from those with assessed incomes of less than \$3,000--in comparison to only 6.7% for B.C. as a whole. Correspondingly, 74% of total B.C. taxable income is from those with assessed incomes over \$5,000--compared to 26.5% for B.C. Indians living on reserves.

1. The burden of the individual income tax

Despite the progressive nature of the income tax, the very heavy weighting of Indian incomes in the lowest brackets has the effect of placing relatively more of the total income tax burden on low income Indians (under \$3,000) than it does upon all low income taxpayers in B.C.

Indians with assessed incomes of less than \$3,000 pay 32.7% of the total amount of income taxes paid by all Indians, while only 5.2% of the total amount of income taxes collected from all B.C. residents comes from those with assessed incomes of less than \$3,000. In the middle income range (\$3,000-7,000) the disparity is not nearly so great, i.e., 43.9% of all income taxes paid by British Columbians are paid by taxpayers with assessed incomes between \$3,000 and \$7,000. For B.C. Indians living on reserves the comparable figure is 44.7%. It is the extremes of the distribution of Indian incomes which results in a heavier proportion of revenue coming from low-income Indian taxpayers and a much smaller proportion (one-third) from the highest incomes class (over \$10,000).

So far in this section we have discussed only the *distribution* of the burden of the income tax on Indian and all B.C. taxpayers. Some measure of the comparative *absolute* burden is called for. In Table 5 we present a number of aggregates in absolute terms for comparison. We have omitted other categories because the smaller absolute number of returns including the particular omitted item did not permit a sufficiently narrow confidence interval about the result. While B.C. Indians living on reserves represent 1.2% of the "potential tax-paying population" of B.C. they pay only .109% of the total income taxes collected in the province. In terms of total assessed income, Indians received .146% of the B.C. total recorded by the Taxation Division.

In only one of the aggregates (including those not in the table) did Indians "over-represent" their proportion of the total potential tax-paying population and that was in "Income from Farming and Fishing"¹⁰ where they accounted for 2.227% of the provincial total. We were not surprised by this result--in fact, information from the Federal Department of Fisheries suggested that perhaps a larger amount of income from fishing should have been found in the taxation statistics.¹¹

While the ratio of Indian to total B.C. assessed income is .146% the corresponding ratio for taxable income is .115%. This result is due to the greater importance of Personal Exemptions and Deductions for B.C. Indians. As we have pointed out in our other chapters, the average Indian family is substantially larger (about one-third larger) than the B.C. average. We shall come back to the importance of family size (hence personal exemptions) in the section on non-taxable returns.

¹⁰ Virtually 100% of the income reported by Indians in this category was from Fishing.

¹¹ See: *The Role of the Native Indian in the Commercial Fisheries of British Columbia 1966 and 1964* by Blake A. Campbell and R. F. A. Roberts, Economics Branch, Pacific Region, Department of Fisheries of Canada, Vancouver. This indicates that in 1966 native Indians operated 1,075 vessels valued at over \$7.2M and produced a gross return of \$6.9M. In 1964 when 1,264 vessels were operated, 2,498 B.C. Indians took out commercial fishing licences. Therefore, we estimate that approximately 2,150 Indians made up the owners and crew of the 1,075 vessels reporting

TABLE 5
COMPARISON OF TAXABLE RETURNS

	(1)	(2)	(3)
	B.C. Total 1965	On-reserve B.C. Indians 1966	Ratio (2) ÷ (1)
Number of returns	605,665	980	.1618
Income from Farming & Fishing	\$ 33,794,000	752,620	2.227%
Salaries & Wages	\$2,664,018,000	3,962,000	.149%
TOTAL ASSESSED INCOME	\$3,156,832,000	4,628,410	.146%
Personal Exemptions & Deductions	\$1,057,085,000	2,412,480	.228%
Taxable Income	\$1,908,601,000	2,190,480	.115%
Total Federal, Prov. & O.A.S. Taxes	\$ 361,592,000	394,490	.109%
Total Population	1,797,000	32,790	1.75% ¹²
Potential Tax-paying Population	1,105,155	13,739	1.19%
Total Income Taxes per capita (Poten. Tax-paying Pop.)	\$327	\$29	.089

Source: The authors' sample survey, and 1967 edition of *Taxation Statistics*, for the taxation year 1965.

income in 1966. B.C. Indians (both on and off reserve) earned 11.8% of the total gross returns of all vessels reporting income in 1966. However, a higher proportion of Indians operated vessels having a lower net return to owners and crew (gillnet and troll). So it is definitely possible that the *net* returns to Indian owners and crew are *not* understated in our tax sample results. Remember also, that the \$6.9M gross returns were earned by both *on-* and *off-*reserve fishermen while our tax sample was of *on-*reserve residents only. Similarly, while the \$753,000 (plus \$99,000 on non-taxable returns) reported by Indians in the "Farming and Fishing" category was almost all from fishing, the \$33.8M reported by all of B.C. as "Farming and Fishing" income has a much smaller proportion that is income from fishing alone. Despite these objections, we feel that the total amount of fishing income reported by B.C. Indians is understated. Readers may find the following table from Campbell and Roberts' paper useful (page 190).

¹²These two ratios are based on B.C.'s 1966 population for a more accurate comparison.

Footnote 11 (cont'd.)

THE NUMBER OF FISHING VESSELS OPERATED BY INDIAN FISHERMEN IN 1966 SHOWING
GROSS RETURNS FROM FISHING AND VALUE OF VESSELS BY TYPE OF FISHING*

	Number of Vessels Reporting Income Operated by Natives	Per Cent of Total %	Value of Vessels Operated by Natives \$ 000	Per Cent of Total %	Gross Re- turns of Vessels Operated by Natives \$ 000	Per Cent of Total %	Average Gross Returns per Indian vessel**
Salmon Gillnet Only	496	19.7	1,860	10.8	2,105	22.1	\$ 4,246
Salmon Seine Only	80	32.3	2,315	29.7	1,779	28.9	22,243
Salmon Troll Only	263	11.1	1,023	5.0	772	6.3	2,936
Salmon Gillnet Combination	196	16.6	997	10.7	1,161	14.1	5,924
Salmon Seine Combination	28	18.1	918	10.5	1,055	9.9	37,677
Salmon Troll Combination	8	7.5	36	2.8	35	3.0	4,357
Other	4	-	64	-	19	-	-
TOTAL NATIVE	1,075	15.8	7,215	10.1	6,927	11.8	-
TOTAL ALL VESSELS	6,784	-	71,754	-	58,617	-	-

* This table is from Campbell and Roberts' paper.

** From Tables 2-7.

It is obvious that Indians living on reserves pay only about 1/10 of "their share" (by population) of income taxes. In view of the specific provisions of the *Indian Act* respecting taxation of income earned on the reserve--Section 86, it is to be expected that there will be some difference between the Indians' share of income taxes and the Indian potential tax-paying population. However, the large difference we observe can hardly be accounted for by the taxation provisions of the *Indian Act*, since very little economic activity is carried out on reservations, and what activity there is usually does not involve the Indian in any income-earning sense.

It is not precisely correct to simply state that "Indians don't pay their share of income taxes." *All* taxes require a tax base. For B.C. Indians the base of the income tax, earned income, is extremely small relative to the Indian population. For the Department of National Revenue to collect taxes from anyone there must be an *ability to pay*--reflected in the existence of earned income. A section of the population with over one-quarter of its people dependent upon social assistance payments does not represent much tax-paying potential. Similarly, we note that only 27.9% of the population 15 years of age and over were in the labour force¹³--compared to about 55% for the nation as a whole. Being in the labour force does not necessarily imply that the individual has a job.¹⁴ Data from the annual Survey of Public Assistance indicates that many of those receiving welfare are "unemployed employables."¹⁵ Even with a job, it does not follow that the individual will earn sufficient income over the year to be taxable--particularly if he has a larger than average family.¹⁶

The overwhelming fact is that Indians pay relatively little in the way of income taxes because they have extremely little income. However, the heavy current expenditure on education is one of the best investments from the point of view of eventually reaping a larger harvest of income taxes from the individual's higher income brought about by a higher level of education.¹⁷

¹³Source: D.B.S., from June, 1961 Census. The figure is for B.C. Indian on-reserve population only.

¹⁴The unemployment rate among Indians living on reserve (including new entrants to the labour force) in June 1961 was 15.8%, more than double the B.C. average.

¹⁵During January through December 1967, 10% of the total number of social assistance recipients were classified as "unemployed-employables." For every person (in this category) who finds a job *three* are removed from the total number of recipients.

¹⁶An examination of the occupations reported by on-reserve Indians in the 1961 Census indicates that most are low-paid.

¹⁷Federal government grants to graduate students may be the best

If Indians were like other low income Canadians, simply raising their average level of income would result in a more than proportionate increase in the tax yield, *ceteris paribus*. However, the large amount of "unused" exemptions and deductions, particularly among those Indians who now file non-taxable returns, means that Indian incomes will have to increase a very great deal before the non-taxable returns become taxable and the low income taxable returns move up into the moderate income range (and tax rates). Before we take up this point in some detail in the next section on non-taxable returns, we should look at the distribution of the difference between total assessed income and taxable income for the *taxable* returns.

As we can see from Table 6, 59.3% of total exemptions and deductions are taken by Indians with assessed incomes of less than \$2,000--compared to only 6% for all B.C. returns. This distribution is a reflection of the distribution of the number of returns by income class and the prevalence of large families among low income Indians. Another way of looking at the same thing is shown by Table 7 which gives the ratio of Personal Exemptions to Total Exemptions and Deductions for each income class for Canada (the B.C. data were not available) and for B.C. Indians.

As we can see Personal Exemptions account for virtually *all* of the Total Exemption and Deductions from Total Assessed Income to obtain Taxable Income for B.C. Indians, but not nearly so large a proportion for all B.C. taxpayers. This means that Indians generally do not have such other deductions as: pension contributions, medical deductions, union dues, charitable contributions and tuition fee deductions.

2. Non-taxable returns

We will begin by presenting Table 8 showing the distribution a) of the number of returns and b) of total assessed income, by income class for B.C. Indians, all B.C. non-taxable returns, and for Canada.

Over 64% of the total number of non-taxable returns in B.C. have a total assessed income of under \$1,000 compared to 37.3% for B.C. Indians living on reserves. Proportionately, there are three times as many non-taxable Indian tax returns over \$3,000 as for all of B.C. As we shall see, the reason these returns are not taxed is that the average Indian tax payer has a larger total of personal exemptions and deductions to apply to his assessed income.

way to assure large fiscal dividends in the future. See also *Second Annual Review of the Economic Council of Canada, Towards Sustained and Balanced Economic Growth*, Ottawa, Queen's Printer, 1965, Chapter 4 "Education and Economic Growth," pp. 72-95.

TABLE 6
ANALYSIS OF EXEMPTIONS AND DEDUCTIONS

Income Class (\$)	B.C. Total		On-Reserve B.C. Indians	
	Total Income Minus Taxable Income	%	Total Income Minus Taxable Income	%
	000's			
Under 1,000	\$ 660	.05	\$ 77,084	31.61
1,000-1,499	28,396	2.27	42,726	17.53
1,500-1,999	45,135	3.62	24,800	10.17
2,000-2,499	55,321	4.43	24,027	9.86
2,500-2,999	68,710	5.50	6,950	2.85
3,000-3,999	146,660	11.75	28,272	11.60
4,000-4,999	187,028	14.98	20,976	8.60
5,000-6,999	380,339	30.47	6,435	2.64
7,000-9,999	223,941	17.94	8,500	3.49
10,000 & over	112,014	8.97	4,021	1.65
	\$1,248,204	99.98	\$243,791	100.00

Sources: The authors' sample survey and 1967 edition of *Taxation Statistics* for Taxation Year 1965, p. 72.

TABLE 7
RATIO OF PERSONAL EXEMPTIONS TO TOTAL
EXEMPTIONS AND DEDUCTIONS

Income Class (\$)	T a x a b l e R e t u r n s	
	Canada 1965	B.C. Indians 1966
Under 1,000	71.5%	99.6%
1,000-1,499	89.4	99.1
1,500-1,999	88.1	100.0
2,000-2,499	88.6	96.8
2,500-2,999	88.8	100.0
3,000-3,999	88.5	99.4
4,000-4,999	87.2	97.0
5,000-5,999	85.9	100.0
7,000-9,999	83.9	100.0
10,000 & over	68.3	93.3

Sources: The authors' sample survey and 1967 edition of *Taxation Statistics*, pp. 16-25.

TABLE 8
NON-TAXABLE RETURNS

Income Class (\$)	Number of Returns as % of Total		Income by Class as % of Total Assessed Income			
	B.C. Indians 1966 %	B.C. Total 1965 %	Canada 1965 %	B.C. Indians 1966 %	B.C. Total 1965 %	Canada 1965 %
Under 1,000	37.33	64.11	54.56	12.51	36.42	21.01
1,000-1,499	22.67	10.99	16.11	18.51	11.98	16.14
1,500-1,999	10.67	8.84	9.29	12.10	12.93	13.60
2,000-2,499	6.67	6.38	7.93	9.39	12.04	14.85
2,500-2,999	9.33	5.09	5.54	15.99	12.00	12.75
3,000-3,999	8.00	3.60	4.69	16.83	10.38	13.51
4,000-4,999	5.33	.67	1.36	14.66	2.50	5.03
5,000 & over	-	.32	.51	-	1.75	3.10
	100.00	100.00	100.00	100.00	100.00	100.00

Sources: The authors' sample survey; the B.C. total and Canada figures were derived from 1967 edition of *Taxation Statistics*, pp. 68-72.

While 73.3% of total income reported on all B.C. non-taxable returns comes from returns with assessed incomes of less than \$2,500, for B.C. Indians only 52.5% of their total income is reported by taxpayers with incomes less than \$2,500. Correspondingly, 14.7% of total income reported on B.C. Indian non-taxable returns was from those with incomes over \$4,000 compared to 4.25% for all B.C. non-taxable returns.

Now we can illustrate (Table 9) the point we made above to the effect that Indian incomes will have to be raised a great deal before they will become taxable--even at the lowest tax rates.

TABLE 9
NON-TAXABLE RETURNS

Income Class (\$)	Ratio of Personal Exemptions to Total Assessed Income Canada 1965	Ratio of Personal Exemptions to Total Assessed Income B.C. Indians (on- reserve) 1966)
Under 1,000	1.074	2.536
1,000-1,499	1.266	1.795
1,500-1,999	1.258	1.675
2,000-2,499	1.138	1.311
2,500-2,999	1.056	1.241
3,000-3,999	1.012	1.124
4,000-4,999	.939*	1.198
TOTAL	1.128	1.540

* 4,001-4,500 for Canada. Despite the fact that personal exemptions are less than total assessed income no taxes are paid because of other deductions.

Sources: The authors' sample survey and 1967 edition of *Taxation Statistics*, pp. 16-21.

As Table 9 indicates the total of personal exemptions is 2.5 times the total of assessed income for B.C. Indians with assessed incomes of less than \$1,000. In other words, *on the average*, Indian incomes could rise 250% (for those in this class), and still the Indian family would remain non-taxable. On the other hand, if *everyone's* income in the under \$1,000 class rose by only 7.5%, those now non-taxable would edge into the taxable category. Even in the \$4,000-5,000 class a 20% increase in total assessed incomes for Indians would be necessary, on average, to make these people taxpayers.

The large amount of "unused" exemptions, therefore, will ensure that anything but a 100% increase in Indian incomes will *not* result in a substantially increased yield for the income tax authorities. We

return again to a fundamental point--Indians lack taxpaying capacity. Their low incomes and their large families combine to remove all but a very few from the ranks of income taxpayers. For readers interested in the absolute magnitudes of salaries and wages, Total Assessed Income and Personal Exemptions for both Indian and all B.C. non-taxable returns, we set them out in Table 10. As we noted, a higher proportion of Indians filing a tax return are not taxable compared to all of British Columbia (see Table 1). In addition, we noted that Indians have a much larger proportion of their returns over \$2,500 in assessed income that is not taxable.

TABLE 10

NON-TAXABLE RETURNS

	(1) Total B.C.* 1965	(2) B.C. Indians 1966	(3) Ratio (2) ÷ (1) %
Salaries and Wages	\$ 99,287,000	\$1,080,710	1.088
Total Assessed Income	134,641,000	1,181,850	.877
Personal Exemptions	189,855,000	1,819,230	.958
Number of Returns	123,616	730	.815

* Includes those returns with incomes over \$5,000 so the totals for B.C. are *not* comparable to the distribution in Table 9.

Sources: The authors' sample survey and 1965 Edition *Taxation Statistics*, p. 51.

As a result of this fact the ratios in column 3 of Table 10 (Indian to B.C. total) are much larger for non-taxable returns than for taxable returns. Indians living on reserves represent 1.2% of the potential taxpaying population, and they account for nearly this proportion (1.088%) of total Salaries and Wages recorded on all non-taxable returns. However, the proportion of Total Assessed Income is only .877%, indicating that 91.4% of their (B.C. Indians) Total Assessed Income comes in the form of Salaries and Wages compared to 73.7% for all B.C. non-taxable returns. Indians apparently earn very little income in the other income categories such as: Business Income, Professional Income, Commissions, and the various types of Investment and Rentier income. As the last line on Table 9 indicates, the aggregate amount of total assessed income (proportioned by income class) must rise by 13% before all the currently non-taxable returns become taxable. By comparison the total assessed income of B.C. Indians (currently non-taxable) must rise by 54% before (in the

aggregate) B.C. Indians will be subject to income taxes. The table re-emphasizes the fact that personal exemptions of Indian taxpayers are greater, since the ratio of Indian returns to total returns is .815% but the ratio of Indian personal exemptions to total personal exemptions is .958%.

Other Estimates of Indian Income

In addition to giving us information on the nature and extent of the burden of income taxes borne by B.C. Indians, our sample gives us considerable information on the size distribution of Indian incomes. The data are summarized in Table 11.

TABLE 11

DISTRIBUTION OF ASSESSED INCOME REPORTED ON ALL INDIVIDUAL INCOME TAX RETURNS

Income Class (\$)	B.C. Indians 1966		B.C. Total 1965		Ratio of Indians to B.C. Total
	No.	%	No.	%	
Under 1,000	60	34.7	82,488	11.31	3.07
1,000-1,499	34	19.7	39,619	5.43	3.63
1,500-1,999	17	9.8	48,702	6.68	1.47
2,000-2,499	14	8.1	49,968	6.85	1.18
2,500-2,999	11	6.4	53,184	7.29	.88
3,000-3,999	18	10.4	91,355	12.53	.83
4,000-4,999	12	6.9	92,626	12.70	.54
5,000-6,999	3	1.7	157,770	21.63	.08
7,000-9,999	3	1.7	80,617	11.06	.15
10,000 & over	1	.6	32,952	4.52	.13
TOTAL	173	100.0	729,281	100.00	

Sources: The authors' sample survey and the 1967 edition,
Taxation Statistics, p. 72.

Over one-third of all returns filed (taxable and non-taxable) by B.C. Indians had a total assessed income of less than \$1,000. Only 11.3% of the "B.C. total" returns were in the same bracket. Sixty-four per cent of B.C. Indian returns were less than \$2,500, compared to 23.4% for the B.C. total. Only 4% of B.C. Indian returns recorded an assessed income of \$5,000 or more while 37.2% of all B.C. returns reported at least \$5,000 in assessed income. In looking at these data on Indian and non-Indian incomes, readers should be aware that assessed income as enumerated¹⁸ on income tax returns does *not* include a number of items which

¹⁸The Taxation Division does not have a definition of income in its regulations. It simply enumerates certain money flows as coming within the meaning of the term "assessed income."

would be included in any comprehensive definition of total income deemed to represent the "economic power" of the individual to command resources in a market economy. For example, capital gains are not included in assessed income. While there are few statistics available in Canada about capital gains, since such gains are not subject to tax, the evidence in the United States is that such gains form an important percentage of certain taxpayers' total income. However, such gains accrue, to a very large extent, to taxpayers in the upper income tax brackets.

Most real income in kind (including imputed income of owner-occupied dwellings) is *not* included in assessed income. For many Indians, however, income in kind may represent a meaningful proportion of their total income.¹⁹ In general, both the definition of income and the definition of the income receiving unit (individual, family, household) are matters of serious concern to persons attempting to compare the distribution of income of two different groups. We can do no more than make the reader aware of the "traps" and exercise caution in drawing conclusions from data which are not exactly comparable. However, we shall provide what data we were able to obtain in the course of our investigation.

The biennial Housing Survey, to which we have referred in Chapter 4, also provides estimates of family income for Indians living on reserves. Table 12 summarizes the results of the Surveys of 1963, 1965, and 1967.

TABLE 12

ESTIMATES OF FAMILY INCOME FOR B.C. INDIANS ON RESERVE

(based upon 1963, 1965, 1967 Housing Surveys)

Income Class (\$)	Under 1,000	1,000-2,000	2,001-3,000	3,001-4,000	4,001-5,000	Over 5,000	Total
1963							
Number	1,900	1,651	1,175	669	266	118	5,779
%	32.9%	28.6%	20.3%	11.6%	4.6%	2.0%	100%
1965							
Number	1,860	1,532	1,164	702	305	149	5,712
%	32.6%	26.8%	20.4%	12.3%	5.3%	2.6%	100%
1967							
Number	1,715	1,371	1,253	897	405	238	5,879
%	29.2%	23.3%	21.3%	15.0%	6.9%	4.0%	100%

Source: Housing Surveys of March 31, 1963, 1965, 1967, I.A.B., Ottawa.

¹⁹ In the "Hawthorn Report," Professor S. Jamieson used \$50 per month as his estimate of "home-produced output for each household, for

These are estimates of *family income*, but we were unable to obtain the definition of family that was used in the Surveys. It seems clear, however, that family income is not equivalent to household income since the Survey in March 1967 covered 5,270 houses on B.C. reserves, but the income data records 5,879 families. We have no idea of the validity of the Survey data but we present it only as corroboration for the other data. In any event, the stability of the percentage distributions over the six-year period would seem to indicate some degree of reliability in the estimates.

The data does indicate that Indian incomes have been rising, but we cannot determine from the Survey results at what *rate* Indian incomes have been rising. In a period of six years the proportion of Indian families living on reserves with incomes of more than \$5,000 has apparently doubled--but is still abysmally low in comparison to the rest of B.C. Even in 1967 over 52% of Indian families have incomes less than \$2,000. Even if these income classes represent family *money* incomes only and if income in kind is a substantial proportion of money income, at least one-half of all B.C. Indian families live in poverty.²⁰

The Dominion Bureau of Statistics provided us with some further data on B.C. Indian incomes as tabulated during the 1961 Census. Table 13 presents data on family incomes and on the incomes of wage and salary earners (who represent more than 80% of the total number of B.C. Indians in the labour force).²¹

Again we see that most Indian families are concentrated in the low income classes--50% have incomes of less than \$2,000, compared to 12% of *all* B.C. families. Only in the \$3,000-3,999 income class are the proportion of Indian and total B.C. families the same. In the middle and upper income groups Indians living on reserves are grossly under-represented.

the months in which its members were engaged in farming, trapping or fishing." See Vol. I, page 41.

²⁰The "poverty line" in recent U.S. studies is drawn at \$3,000 for a family of four.

²¹Since many Indians (particularly those on reserves) are classified as living in "rural" areas but few are living on farms, we chose "the % distribution of families by size of income, rural, non-farm and urban" for all of B.C. as our standard of comparison.

TABLE 13
DISTRIBUTION OF INCOME

Income Class (\$)	1961 Census Family Income	No. of families	% of Total	% Dist. of size of income rural, non-farm and urban for B.C. year ending May 31, 1961	% Dist. of non-farm incomes in B.C. in pop. centres < 30,000 persons	B.C. Indians 1961 Census Earnings groups for wage & salary earners	
						Number M + F	% of Total
No income		73	1.39				
Under 1,000		1,352	25.73	3.7%	10.2	1,543	31.68
1,000-1,499		723	13.76	3.2	5.6	661	13.57
1,500-1,999		559	10.64	4.9	5.3	468	9.60
2,000-2,499		419	7.97	4.3	6.7	588	12.07
2,500-2,999		508	9.67	4.5	6.0	313	6.43
3,000-3,999		666	12.68	12.8	14.5	605	12.42
4,000-4,999		433	8.24	16.7	16.1	257	5.28
5,000-6,999		329	6.26	26.7	23.2	170	3.49
7,000-9,999		131	2.49	15.7	6.8	15	.31
10,000 & over		61	1.16	7.7	5.8	2	.04
NOT STATED		-	-	-	-	226	4.64
TOTAL		5,254				4,871	
Average		\$2,441*				\$1,856°	

* Includes no income families.

° Compare average earnings of Indian males, \$2,090, to average earnings of Indian males who were veterans \$2,728.

Source: D.B.S. B.C. data is taken from D.B.S. #99524, Table XX, pp. 14-38 and from D.B.S. #13521, Table V, p. 20.

The data on incomes of wage and salary earners can only serve to reinforce the already overwhelming preponderance of evidence that very few B.C. Indians living on reserves have adequate incomes. The average (1961) for wage and salary earners was only \$1,856--hardly sufficient to support an individual, let alone a family. Given the larger average size of Indian families, the fact that only one wage earner in twenty-five earned (in 1961) more than \$5,000 makes it clear that Indians far from providing a tax base do not have sufficient income to maintain themselves in poverty. Confirmation of this is also given in Table 14.

TABLE 14
INDIVIDUAL INCOME OF PERSONS 15 YEARS AND OVER
B.C. INDIANS
1961 Census

Income Class (\$)	Male	Female	Total	%
No income	1,605	4,870	6,475	39.84
Under 1,000	2,528	2,329	4,857	29.88
1,000-1,499	1,053	323	1,376	8.47
1,500-1,999	555	144	669	4.12
2,000-2,499	559	77	636	3.91
2,500-2,999	499	72	571	3.51
3,000-3,999	863	38	901	5.54
4,000-4,999	401	19	420	2.58
5,000-5,999	155	6	161	.99
6,000-9,999	172	-	172	1.06
10,000 & over	10	5	15	.09
TOTAL PERSON	8,400	7,853	16,253	100.00
AVERAGE	\$1,946	\$769	\$1,587	

Source: D.B.S.

CHAPTER 8

THE CORPORATION INCOME TAX

During fiscal 1966-67 the Federal government levied the following taxes on corporation income:

Corporation Income Tax	\$1,593.2M
Old Age Security Tax	149.5M
Corporation Income Tax transferred to the Provinces	<u>132.0M</u>
TOTAL	\$1,874.7M
Total Federal Budgetary Revenue	\$8,376.2M

In 1967 the Federal government abated its normal rates of corporation income tax by 10 percentage points for taxable profits earned in the provinces. Five provinces levied a corporation income tax equivalent to the Federal abatement. However, Ontario and Quebec levied a 12% tax, Manitoba, Newfoundland, and Saskatchewan levied an 11% tax on corporation income.

Under the Federal Income Tax Act the corporation income tax rates are 18% on the first \$35,000 of taxable income and 47% on that portion in excess of \$35,000. In addition, corporations are liable for Old Age Security tax at 3% on total taxable income. Therefore, the total tax before provincial abatement is 21% on the first \$35,000 and 50% on the remainder.¹

With respect to the income of *individuals* the *Indian Act* seems quite clear. Section 86 (1) states in part: ". . . and no Indian or band is subject to taxation in respect of the ownership, occupation, possession or use of any property mentioned in paragraph (a) or (b)² or is otherwise subject to taxation of any such property;" Note that it is the "Indian" or the "band" that is *not* subject to taxation.

¹This is the nominal rate of tax on the taxable income of corporations in B.C.

²The property referred to is: "(a) the interest of an Indian or a band in reserve or surrendered lands, and (b) the personal property of an Indian or band situated on a reserve."

Under the *Income Tax Act* it is the taxable income of the *corporation* that is subject to tax. The corporation or limited company is a separate legal entity or person "existing only in the contemplation of the law." It has a separate existence *apart* from its shareholders. Indeed, that is the whole purpose of incorporation.

Therefore, as we read the *Income Tax Act* and Section 86 (1) of the *Indian Act*, and on the basis of discussions with the Department of National Revenue, we can see no difference in the liability for taxation of a corporation owned by Indians and operating on a reserve, and a corporation owned by non-Indians carrying on business in the usual way. In other words, if Indians choose to undertake economic development of their reserves utilizing the form of a limited company, then they lose the benefit of exemption from taxation as individuals or as a band. Income earned by a corporation wholly owned by Indians is subject to taxation the same as *any* corporation--even if the income is derived solely from activities on a reserve. In taxing the income of the corporation the government does not look beyond the legal entity to the nature of the ownership. Corporations have no ethnic or racial characteristics.

There are less than a handful of limited companies owned by Indians operating in B.C. In view of the apparent provisions of the *Income Tax Act* and the *Indian Act* it seems clear that their income would be subject to tax in a manner identical to companies owned by non-Indians. Therefore, we have not thought it necessary to pursue the matter any further. However, two additional comments seem warranted. First, even casual observation indicates that there are fewer limited companies organized and owned by B.C. Indians than for a comparable number of non-Indians. This is no doubt a reflection of the present state of economic and social development of B.C. Indians and of their relatively low incomes. Second, there appears to be a fairly convenient "way around" the tax and development dilemma.³ If, under Sections 80 and 82 of the *Indian Act*, Band Councils were to create a local government on the reserve such as a municipality, not only would this government be able to levy taxes, but it would also be able to act as a business "vehicle" for the economic development of the reserve. As a municipality this "vehicle" may be exempt from income taxes and would have broad powers to facilitate its operations.⁴ This possibility is discussed in more detail in the chapters that follow.

³This will be discussed in greater detail in Chapters 9 and 10.

⁴*Income Tax Act*: Sec. 62 (1) (b) and Sec. 62 (1) (c).

CHAPTER 9

THE "TAXATION" OF INDIAN RESERVES

We have placed the word taxation in quotation marks in the title of this chapter because it is commonly supposed that the land and improvements on Indian reserves are not subject to taxation by Municipal or Provincial governments. More precisely, it is believed that *only* the non-Indian occupiers (lessees) of Indian reserves are subject to the property tax as levied by the local authority.¹ Indians, it is said, pay no real property taxes on Indian reserve land, except those levied by the Band Council.

There are statutory provisions in the *Indian Act* to support such assertions. Section 83 (a) (i) of the Act enables the Band Council to make by-laws for the raising of money by "the assessment and taxation of interests in land in the reserve of persons lawfully in possession thereof" With implied, but obvious reference to local taxing authorities Section 86 (1) states:

Notwithstanding any Act of the Parliament of Canada or any Act of the legislature of a province, but subject . . . to section 82, the following property is exempt from taxation, namely,

- a. the interest of an Indian or a band in reserve or surrendered lands, and
- b. the personal property of an Indian or band situated on a reserve,
. . . .

It is clear in statute, therefore, that Indian occupiers of reserve lands are not subject to real or personal property taxation by the local authorities.

It is also well decided that the non-Indian occupiers (lessees) of Indian reserves *are* subject to real property taxation by the local

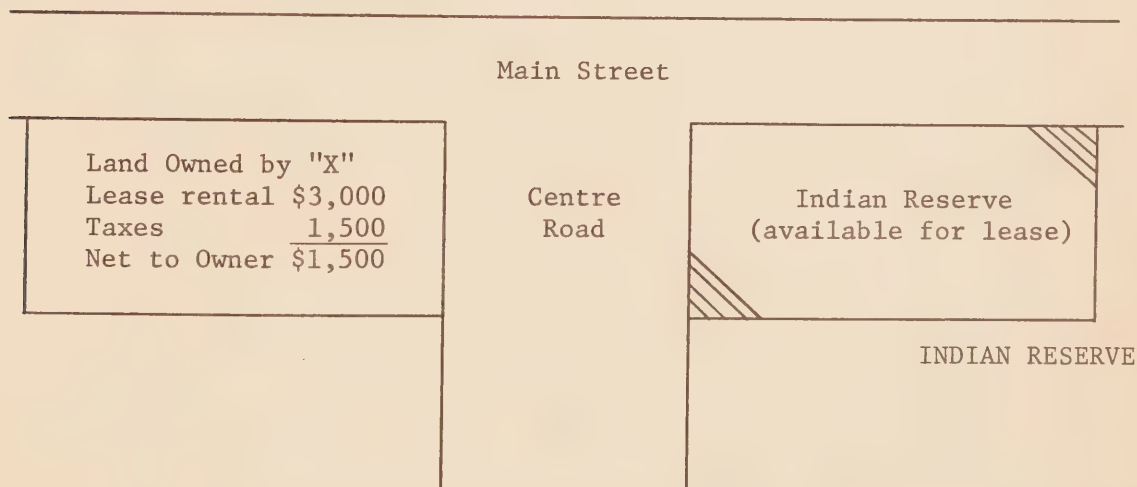
¹Provincial taxation of lessees of Indian Reserve Lands is authorized by Section 26 (3) of the "Taxation Act." This requires that the land and improvements be assessed in the name of the occupier and that he be taxed as if he were the owner of the land and improvements.

authorities. The leading cases here according to advice received from the Indian Affairs Branch are: *City of Montreal vs. City of Quebec* (1923), A.C. 136; 70 D.L.R. 248; and *Phillips and Taylor vs. Sault Ste. Marie* (1954), 3 D.L.R. 81.

All of this, however, does not mean that Indians cannot, or do not, bear an economic *burden* as a result of the taxes imposed upon the non-Indian occupiers (lessees) of Indian reserve lands. It is the main point of this Chapter that while Indians do not "pay taxes," in the sense of writing a cheque in favour of the local taxing authority, they do bear a considerable economic burden as a result of the taxation of lessees.² In addition to presenting an extensive theoretical argument to support our contention, we shall also describe the results of a special survey of municipalities and unorganized territories we conducted to determine the amount of the taxes levied on the lessees of reserve lands. We will then examine the taxes paid by the lessees with reference to the amounts of lease revenue received by B.C. Indians. Finally, we will examine the means whereby Indians may receive the maximum financial benefit from their reserve lands.

The Burden of Taxes Paid by Non-Indian Lessees of Reserve Lands

Our argument may be stated most clearly by using an example. Suppose a firm wishes to establish a large warehouse in a specific section of a municipality. Let us suppose further that within the boundaries of the municipality there is an Indian reserve. After examining various possible locations the firm decides that a suitable location would be close to



the corner of Main Street and Centre Road. The firm finds that it may

²A simple analogy here is that while the husband of a non-working wife does not in fact "pay" at the supermarket (the wife does), he nevertheless bears the burden of the food bills.

obtain a satisfactory lease from "X" at \$3,000 per year. Before closing the deal the firm finds that a similar amount of land across Centre Road is available for lease from the Band Council of the Indian Reserve. Since the area and topography of the land is the same and the locations are virtually identical, the firm is indifferent as to which to choose. Only the matter of the total cost of occupying the land will determine which it will choose. The firm realizes that if it occupies the Indian Reserve land it must pay taxes to the municipality *as if the firm owned the land*. Upon enquiring from the Municipal Assessor the firm finds that it would have to pay \$1,500 per year in taxes if it leased the reserve land. If the firm rents from "X" the *total* cost per year is \$3,000. "X," as owner, pays the taxes. The firm goes to the Band Council and asks what the annual lease rentals will be for the same terms and conditions as "X" has offered.

Now, the question is, "What is the maximum amount of lease rental per year that the Band can charge?" If the Band says "\$3,000, the same as 'X' will charge you" the firm would incur a total annual cost of \$4,500 (\$3,000 rent and \$1,500 taxes) to occupy the reserve land. The total annual cost of occupying "X's" land is \$3,000. Therefore, if the Band is to lease their land to the firm the *most* they can charge for rental is \$1,500 per year. *The result is that the gross rentals of the Indian Band are reduced by the amount of the taxes the lessee must pay to the municipality.* By leasing, instead of developing and occupying their own land, the Indian Band has incurred an *opportunity cost* equal to the amount by which their rents are reduced due to the taxation of the lessee. (We will return to this point in a moment.) In some cases the Band may have to incur substantial expenses for services to prepare the land for lease yet must stand by and see the municipal taxing authority reap a tax harvest for which it has provided only minimal services.

If the Band Council were to levy taxes under Section 82 of the *Indian Act*, it would be able to receive competitive lease rentals *plus* the taxes levied on non-Indian lessees less the cost of providing services to the lessees. The result will be a larger benefit than presently obtained by simply leasing the land.

There is another way of analyzing the question of the burden of the property taxes levied on lessees of reserve lands. Suppose that a Band Council was considering investing its funds in an apartment project after considering several alternative investment prospects. If the Band Council was to lease land adjacent to the reserve, it would pay the going rental rates the same as any other tenant. The rent the Band Council would pay would include two major elements--the amount of taxes levied on the owner and the net return to the owner. Suppose these amounts are \$4,000 and \$6,000 respectively--for a total annual cost of \$10,000. If, however, the Band Council locates the apartment project on reserve lands (which are assumed to be equally satisfactory for the purposes), the total annual "cost" for renting the land is an "opportunity cost" equal to amount of lease revenue foregone from non-Indian lessees.³

³ Opportunity cost is defined to be the benefits of utilizing an

However, the benefit of locating the project on the reserve lands is \$10,000 (\$6,000 in opportunity costs (assumed) and \$4,000 in taxes *not paid*). The opportunities cost of locating on the reserve (*ceteris paribus*) is exactly equivalent to what the Band Council would receive by leasing the land (where the apartment site would be located) to a non-Indian lessee.

What conclusions may we draw from our two examples?

- 1) Because they are presently unable to effectively develop their reserves themselves (due to lack of funds and a convenient business "vehicle"), most bands must lease their reserve lands to non-Indians. The non-Indians then undertake development and pay taxes as occupiers of Indian land. The effect of leasing to non-Indians instead of having the Band exploit the economic potential of the reserve is to forego an important benefit--non-taxation provision under Section 86. This benefit foregone is in the form of reduced lease rentals. We must remember that in our example of the apartment project, the benefit of non-taxation of Indian lands is \$4,000 (less cost of services provided) not the total amount of \$10,000 which does not have to be paid out if the project is located on the reserve. In making a decision whether to locate the investment project on or off the reserve, the Band must determine if the net return on the project off the reserve is at least as great as the rentals that can be earned from a non-Indian lessee of a similar amount of Indian land on the reserve that would be taken up if the Band located its project on the reserve.
- 2) The concept of "the burden" of the property tax borne by Indians as a result of leasing their lands to non-Indians⁴ is not that which is usually meant when most people speak of the burden of a tax. The usual concept of burden implies an outflow of an individual's resources as a result of the imposition of a tax. The burden on Indians of the property taxes levied on lessees is in the nature of opportunity income foregone.⁵ In our apartment example the *apparent* benefit of locating on the reserve instead of on a similar site adjacent to the reserve is \$10,000--the amount of the annual lease payments to the non-Indian land owner.

asset in its next "best" employment--i.e., if the owner of a piece of land has received an offer to rent it at \$3,000 p.a. but he chooses to keep the land idle, his opportunity cost of doing so is \$3,000 per year--exactly what it would earn in its next "best" employment.

⁴Instead of developing it themselves or creating their own taxing authority to tax lessees.

⁵Note that where the market for land is competitive, the lessee is in exactly the same position whether he leases from the Band or from a non-Indian land owner.

However, to correctly calculate the net benefit of locating on the reserve we must deduct from the \$10,000 the amount which would be received if the proposed reserve site was leased to non-Indians. If the two sites (on and off the reserve) are equivalent, the amount to be deducted in our example will be \$6,000. Therefore, the net benefit of non-taxation is \$4,000 which shows up in the summary Revenue and Expense Statement of the two projects:

BAND APARTMENT PROJECT

	If Located Off Reserve	If Located On Reserve
TOTAL REVENUES		
EXPENSES	\$30,000	\$30,000
Miscellaneous Expenses (including interest on mortgage)	10,000	10,000
Rent	10,000*	6,000°
NET INCOME	\$10,000	\$14,000
NET CASH FLOW	10,000	20,000

* Includes \$4,000 in taxes paid by owner.

° *Imputed* rent, a book entry only, not a cash expense.

Based on opportunity rentals of site to non-Indians foregone.

From this abbreviated statement we can see that (in this example, at least) to go ahead with the project off the reserve would entail a loss to the Band of \$4,000 in net income and a \$10,000 loss in cash flow.

Before we can estimate the burden of the property tax borne by Indians, in the form of net benefits foregone, we must present some additional information.

Survey of Property Taxes Levied on Lessees of Indian Lands by Municipal- ities and the Provincial Government

During August and September 1967 we undertook a mail survey of just over 80 cities, districts, towns and villages in B.C., within which, or adjacent to, we thought Indian reserves would be located. We asked the municipal assessor to provide us with some detailed information on the taxes levied on the lessees of Indian reserve lands.

Following a second request sent to a few municipalities, we received replies from all of the municipalities from whom we requested information. Because our survey was "over inclusive" about one-third of the municipalities reported that their boundaries did not incorporate an

Indian reserve or were not adjacent to a reserve. A number of replies were received from municipalities describing certain financial arrangements for the provision of services to nearby reserves. We received 24 replies which indicated that the municipality levied taxes upon non-Indian lessees. A summary of the data relating to these lessees is given in Table 1.

In addition to determining the amount of the taxes paid by lessees in all incorporated areas, we also obtained a complete analysis of the taxes levied by the Provincial government in unincorporated or unorganized territories. The results of this massive data collection job are summarized in Table 2.

Table 2 indicates that the Province received \$306,000 in taxes from lessees in 1967. To show how the amount of tax collections have risen, we provide a similar table for 1964. Table 2(a) indicates that in 1964 only \$184,000 was collected from the lessees of Indian reserve lands by the B.C. government.

Table 3 records the amount of revenue received in 1966 and 1967 from the lessees of Indian reserve lands. The revenue amounted to \$859,000 in 1966 and \$850,000 in 1967. As we can see, the lease revenue by Agency is very unevenly distributed. From discussions with land-use personnel of the Branch and from David Squarey's⁶ analysis of seven important reserves it seems clear that only part of the realizable potential in terms of lease revenues is currently being realized.

Table 4 provides an analysis of 1967 lease revenues for a number of selected Bands for the Kamloops, Fraser, Kootenay-Okanagan and Cowichan Agencies. Even a cursory glance will tell the reader that the distribution of lease revenues is more uneven among Bands than among agencies. One Band alone (Squamish) receives one-quarter of the total B.C. revenues. Other recipients of large amounts of revenue from leases include the following Bands: Adams Lake, Kamloops, Little Shuswap, Cowichan, Shامmon, Semiahmoo, Okanagan, Penticton, and West Bank. All of these individual *Bands* received *more* than *all* the Bands in the following Agencies in 1967: Babine, Bella Coola, Burns Lake, Fort St. John, Lytton, Nicola, North Coast, Stuart Lake, Terrace, West Coast and Williams Lake. For the most part then, lease revenues are concentrated in the Lower Mainland, southern Vancouver Island, Kamloops and Okanagan areas. Seven Bands in these areas together received over 60% of the total amount of lease revenues received by all Indian Bands in B.C.

⁶The result of Mr. Squarey's assessments, commissioned by the authors under our terms of reference to examine the potential tax yields of Indian lands, is given in the next chapter.

TABLE 1
TAXATION OF LESSEES OF INDIAN RESERVE LANDS SEPT. 1967
BY MUNICIPALITIES

		Total 1967 Assessed Value (\$)		Total Amount of Taxes Levied in 1967 (\$)			
Taxing Authority	No. of leases or folios	Land	Improvements	Machinery & other movable property (L & T)		General Purpose	
						School	Improve-ment Dist.
Alert Bay	1	100	-	-	-	3.05	3.02
							6.07
Burns Lake	6	7,255	36,950	-	-	979.10	1,350.24
Campbell River	2	89,500	89,420	-	-	2,739.89	4,098.88
Chilliwack	59	106,680	78,250	648,740	-	3,869.19	18,673.84
							235.01
							724
							23,267.03
Delta	29	97,750	38,060	-	-	2,730.85	3,837.28
Duncan	22	217,490*	292,120*	31,640*	-	10,557.00	14,158.00
Hazelton	3	1,000	10,282	11,228	-	257.00	596.22
Kent	9	158,310	-	-	-	2,453.82	3,457.50
Langley	2	4,180	860	740	-	139.93	199.06
Maple Ridge	4	10,810	3,480	1,715	-	288.93	473.54
Matsqui	1	1,700	-	-	-	37.44	29.44
Mission	1	3,040	-	-	-	109.44	7,843.00
District North Van.	n/a	526,226	344,820	62,650	-	26,874.28	27,734.95
City of North Van.	n/a	360,000**	101,000**	-	-	-	-
Penticton	n/a	262,000***	-	-	-	-	-
Peace River	4	30,230	74,470	-	-	1,045.71	1,237.56
Richmond	1	2,860	-	-	-	14.30	57.82
Salmon Arm	2	9,640	-	-	-	333.54	231.66
Squamish	3	15,100	14,768	42,129	-	902.00	2,029.00
Sumas	1	4,375	3,860	5,320	-	138.14	311.14
Surrey	11	33,290	341,300	279,200	-	5,322.48	12,945.34
Vancouver	56	64,440*#	83,420*#	-	-	37,466.48	451,721.80
	78	1,014,145	451,955	-	-	51,377.63	37,787.20
West Vancouver	15	2,023,179	3,313,100	238,295	-	124,871.76	158,880.00
Williams Lake	4	400	1,860	-	-	49.37	64.09
							5.26
							118.72
							635,237.54

* Net of exemptions.

** Exempt

*** Water lot, exempt as Agent of the Crown.

Must be "taxable assessed value."

+ Fire protection.

Source: The authors' survey of municipalities.

TABLE 2
TAXATION OF LESSEES OF INDIAN RESERVE LANDS SEPT. 1967
BY THE PROVINCE OF B.C.

Indian Reserve	# of Roll Folios	1967 Assessed Value (\$)			Amount of Taxes Levied in 1967 (\$)			
		Land	Improvements	Machinery and other movable property (L&T)	General Purpose	School	Improvement District	Total Taxes
Alberni	13	17,650	508,534	508,534	3,969.02	10,478.19	1,335.53	15,782.74
Comox	67	47,245	142,170	167,342	1,656.61	5,780.39	37.20	7,474.20
Cowichan	15	9,195	640	640	65.95	318.49	2.11	386.55
Cranbrook	18	27,329	35,650	102,012	424.61	3,723.36	368.19	4,516.16
Gulf Islands	2	440	3,790	3,790	32.83	84.80	1.41	119.04
Kamloops	513	797,117	750,010	992,313	12,890.25	51,973.14	2,751.67	67,615.06
Kettle River	95	150,480	415,589	429,269	2,832.49	15,196.16	210.28	18,238.93
Lillooet	40	97,195	4,535,040	9,700,220	361.19	118,459.65	54.43	118,875.27
Nanaimo	17	19,095	-	-	175.20	595.15	27.28	797.63
Nelson-Slocan	9	148,605	2,860	2,860	743.03	5,743.98	287.35	6,774.36
New Westminster	56	71,170	61,780	70,850	1,000.13	3,700.32	108.31	4,808.76
Omineca	23	17,574	14,360	18,071	344.47	1,136.09	6.84	1,487.40
Peace River	3	620	-	-	1.00	19.98	-	20.98
Prince George	62	50,725	15,650	15,650	628.10	2,210.17	83.06	2,921.33
Prince Rupert	21	15,400	146,309	226,368	1,249.93	5,965.46	450.37	7,665.76
Princeton	7	15,155	4,130	4,130	78.84	609.13	4.97	692.94
Quesnel	11	10,465	24,138	24,138	273.36	1,028.32	83.50	1,385.18
Vancouver	208	228,100	355,365	360,535	4,948.42	15,176.18	2,364.58	22,489.18
Vernon	79	162,080	108,269	247,037	1,820.96	11,375.49	712.51	13,908.96
Victoria	14	28,585	116,647	378,302	1,114.40	8,619.04	214.49	9,947.93
TOTALS	1,273	1,914,225	7,240,931	13,252,061	34,610.79	262,193.49	9,104.08	305,908.36

Source: Province of B.C. Department of Finance.

TABLE 2(a)
1964 REAL PROPERTY TAX LEVIES - OCCUPIERS OF INDIAN RESERVE LANDS IN RURAL AREAS
AND VILLAGE MUNICIPALITIES IN BRITISH COLUMBIA

	Number of Occupiers	Assessed Values		1964 Tax Levies			
		Land \$	Improvements \$	General \$	School \$	Improvements \$	Total \$
Alberni	6	8,325	380,909	2,900.46	7,323.50	-	10,223.96
Atlin	-	-	-	-	-	-	-
Comox	66	43,905	236,176	2,089.83	4,969.76	357.81	7,417.40
Cowichan	18	15,090	640	94.98	384.29	.56	479.83
Cranbrook	17	26,394	79,552	466.78	2,408.89	128.91	3,004.58
Gulf Islands	2	440	3,680	32.00	68.42	2.02	102.44
Kamloops	326	456,705	650,857	6,738.12	23,794.22	2,084.88	32,617.22
Kettle River	69	106,925	374,264	2,310.59	9,307.62	5.41	11,623.62
Lillooet	32	84,635	9,405,848	276.32	79,976.33	22.47	80,275.12
Nanaimo	17	16,980	-	139.33	387.07	23.81	550.21
Nelson-Slocan	8	146,855	2,860	734.28	4,451.49	179.41	5,365.18
New Westminster (Main)	53	46,585	62,980	710.40	2,149.11	81.58	2,941.09
Village of Hope	2	350	-	4.25	6.48	.51	11.24
Omineca (Main)	22	6,065	1,400	60.94	203.79	-	264.73
Village of Burns Lake	6	6,970	54,400	87.90	152.51	-	240.41
Hazelton	5	1,420	22,882	172.22	360.11	-	532.33
Peace River	2	6,970	-	34.85	127.30	8.43	170.58
Prince George	56	9,840	47,379	243.78	1,438.25	19.56	1,701.59
Prince Rupert	17	2,175	62,599	490.25	1,224.53	158.40	1,873.18
Princeton	5	4,710	4,185	24.60	211.81	-	236.41
Quesnel Forks (Main)	12	27,095	24,353	358.13	1,151.10	181.72	1,690.95
Village of Williams Lake	4	350	1,870	52.59	43.80	7.01	103.40
Vancouver	163	164,150	279,870	3,689.01	8,329.43	971.82	12,990.26
Vernon	83	136,030	34,080	1,054.83	3,466.47	201.93	4,723.23
Victoria	14	28,065	300,044	875.47	5,066.28	19.81	5,961.56
TOTALS	1,005	1,347,029	12,030,828	23,641.91	157,002.56	4,456.05	185,100.52

Source: Province of B.C. Department of Finance.

TABLE 3
B.C. REGION LEASES AND PERMITS

	1967 Agricultural	1967 Industrial	1967 Residential	1967 Total	1967 Rental	1966 Leases	1965 Rental
Bella Coola		7		7	\$ 1,500	12	\$ 2,405
Fort St. John	1	12		13	10,000	13	10,905
Yukon	1			1	100	1	100
North Coast		17		17	3,500	21	4,789
Burns Lake	4	15		19	4,375	21	4,825
Babine	7	19	2	28	2,822	6	621
Stuart Lake	8	6	64	78	6,851	76	5,750
Lytton	6	31	5	42	8,152	43	7,992
Kamloops	58	119	290	467	114,389*	456	103,666
Kootenay-Okanagan	161	92	3	256	101,521	227	76,497
Fraser	77	118	428	623	470,287**	619	527,325
Cowichan	25	87	2	114	84,357	119	69,660
Williams Lake	8	10	3	21	8,550	21	9,150
Kwawkwalth		25		25	16,100	24	15,431
West Coast		20		20	4,800	20	6,284
Terrace		7		7	4,100	7	4,202
Nicola	7	10		17	9,000	17	9,086
Total	363	595	797	1,755	\$850,404	1,603	\$858,688**

* Recorded as \$151,391 in the published table; however, when we rechecked the addition we found a substantial error.

** Recorded as \$675,708 in the published table; however, when we rechecked the calculations for the four largest Bands we found 4 large errors in addition. We also determined that Musqueam Band revenues had been understated by \$16,347 due to omissions. In the original documents no revenue was reported by the Semiahmoo Band pending renegotiation of rentals. The revenue in 1966 was over \$17,000 so we estimated the 1967 rental to be \$20,000. Without an exceptionally detailed check we are unable to determine why Fraser Agency revenues declined \$47,000 in 1967.

*** Recorded as \$858,641 in the published table, slight errors in addition.

Source: *Information and Statistics*, 1 January 1967 and 1968, The B.C. and Yukon Region. I.A.B., Vancouver (mimeo) and staff, I.A.B., Vancouver.

TABLE 4
LEASE REVENUES FOR SELECTED BANDS - 1967

Agency	Band	Revenue
FRASER	Squamish	\$237,902
	Musqueam	124,774
	Semiahmoo	20,000 (est.)
	Sechelt	17,061
	Sliammon	
COWICHAN	Cowichan	\$ 48,585
	Nanaimo	8,450
	Esquimalt	6,626
	Songhees	5,825
	Penelakut	4,589
KAMLOOPS	Kamloops	\$ 42,463
	Little Shuswap	33,918
	Adams Lake	23,392
	Neskainlith	6,152
	Deadman's Creek	5,775
KOOTENAY-OKANAGAN	Penticton I.R.	\$ 31,381
	Okanagan I.R.	14,601
	Tsinstikeptum I.R.	11,090
	Lower Kootenay I.R.	8,239
	St. Mary's I.R.	5,073
	Osoyoos I.R.	4,497

Source: I.A.B., Vancouver.

We are now ready to use the data presented in the previous four tables in conjunction with the theoretical analysis at the beginning of the Chapter. In our theoretical discussion we were (in effect) asserting the following: "The potential lease revenues received from the lessees of reserve lands are reduced by the amount of the taxes the lessee must pay." In other words, if Indians developed their own lands the gross benefit they would reap would be the sum of:

- a) lease revenues currently received, and
- b) the taxes now paid by non-Indian lessees to the local taxing authority.⁷

⁷In addition as developers Indian Bands would receive any profits (or losses) accruing to them as developers per se. We have neglected this in order to keep the argument centred on the taxation aspect.

The *net* benefit Indians would receive would be equal to the amount of the taxes now currently going to the local taxing authorities.⁸ In 1967 the total amount of taxes collected from lessees of Indian lands by all municipalities and the Province was \$941,219 (see Tables 1 and 2 above).

We conclude this part of the discussion by returning to the first page of this Chapter. We suggest that while Indians do not "pay" taxes they do bear an economic burden as a result of the taxation of lessees by external authorities⁹ and their inability to act as owner/developers of their own lands. While they received \$850,000 in lease revenues in 1967, the gross benefits to Indians of being owner/developers or acting as a taxing authority would have been approximately 1.8M in 1967. An estimate of the net burden can be made. It is \$940,000¹⁰ minus the cost of providing services to the lessees.¹¹ Therefore, it is *not* correct to say that Indians do not bear a burden imposed because of the existence of a property tax.

⁸We run into a subtle point here. If Indians acted as developer/owners on reserve, but did not set up a taxing jurisdiction of their own under Section 82, would they be, not only tax exempt but also able to receive services from the surrounding taxing authority? It is an interesting point. If, instead of acting as developer/owners, the Band Council set up a taxing authority and continued to lease to non-Indians, the Band would obtain a net benefit consisting of a tax yield from the lessees *minus* the cost of services to the lessees. In view of the commercial nature of most reserve leases, and the results of our survey (see the final column of Table 1), the *net* benefit should be a large proportion of the taxes levied.

⁹As opposed to the Band Council levying comparable taxes on lessees and providing the services.

¹⁰The amount of taxes levied by Municipalities and the Province on non-Indian lessees.

¹¹For a description and analysis of at least one situation in which the Band has provided many of the services to lessees while being unable to obtain any portion of the tax revenues we present excerpts of the *Final Submission to: The City of Vancouver From: The Musqueam People*, a brief requesting the City to enter a tax and service sharing agreement for the Musqueam Reserve within the city limits. We quote at length from that brief:

Economic Position of the Musqueam Band (p. 5)

It is helpful to look at the Musqueam Reserve, area by area, and see the *revenues enjoyed by the City compared with the minimal services provided*, and then contrast this with the heavy burden of services supplied at Band expense.

- a) Shaughnessy Golf Club--operates at little or no cost to the city. Its roads connect with the Provincial highway and all of its

We now proceed to the second major part of this Chapter--a discussion of the means by which Indians may obtain the *maximum* economic benefit from the utilization of their reserve lands. We will address ourselves to a number of important questions in turn. How could Indians actually realize the benefits implied by the non-taxation provisions of Section 86 of the *Indian Act*?

1. As we have seen by developing the reserves *themselves* Indians will receive the full benefit of the non-taxation provision.
-

- services have been installed and paid for by Golf Club funds. Since 1961 alone the City has recouped \$160,000 property taxes.
- b) Musqueam Recreation Golf Course--also operates at little or no cost to the City. It has provided its own water and sewer services. The City has recovered over \$12,000 in taxes since 1964. As the Course further develops, the City's revenues will increase too.
 - c) (p. 6) Market Gardeners--The City has collected about \$9,000 from five families over a period of nine years. The City provides schooling, and welfare for a couple of families, but, in the absence of the City providing services for these people, the Band itself has paid over \$30,000 for a water system and has spent additional moneys to build and maintain their roads.
 - d) Eddie's Nurseries--Apart from City water services, the Nurseries operate at no cost to Vancouver although it has received tax returns of some \$8,000 since 1959.
 - e) The 38-acre home subdivision along South West Marine Drive--the City's contribution was to install rough roads, sewers and water supply and at an approximate net cost to the City of \$150,000. Federal Government winter works contributed about another \$100,000 and the developer's share of capital costs amount to \$150,000. This area enjoys fine services, but still at relatively little cost to the City. The high assessments to date have produced about \$85,000 of taxes to the City, and as soon as the subdivision is completed, the estimated annual tax return will be about \$120,000.
 - f) The Musqueam Indian People themselves have received little or no services from the City of Vancouver. The City claims that it subsidizes education of Indian school children, however, it should be remembered that the Federal Government contributes for schools to the extent of \$250 per child and when the larger number of children per Indian family is recognized--an average of 5 to 6 children in school--it is seen that the average domestic contribution of Indian people toward education is far above that of the average of non-Indian persons!

For such fundamental services, as fire protection and garbage collection, the Band has contracted for such with the appropriate City departments at extra cost to the Band. Moreover, the Band has provided all the other services out of its own funds to Reserve people, for example roads, sewers, lighting, welfare, housing and water rates. As Reserve development increases, the city can expect

2. If (1) is impracticable because of lack of capital or ability, the Band could create its own taxing jurisdiction under Section 82 of the *Indian Act* and collect the taxes levied on lessees now collected by the municipal or provincial government and provide the services to the lessees now supplied by the present taxing authorities. Since most of the developments on leased lands are of a commercial nature, and many of the services are on a fee basis, the result would be a substantial net benefit to the Band.
3. The Band could enter into a tax sharing agreement with the current tax-levying body whereby some or all of the tax revenues over and above the costs of services provided to lessees are returned to the Band. We are indebted to an official of the Indian Affairs Branch for the following quotation and comment:

Effective April 1, 1967, the following amendment was added to the Rural Municipality Act 1967 of Saskatchewan:

s. 357A Where taxes are paid to a Municipality for Municipal purposes by an occupant of land held by or in trust for the use of a tribe of Indians, the Municipality shall forthwith pay 50% of the taxes to that tribe of Indians in care of the Superintendent of the Indian Agency having jurisdiction over the Indian Reserve in respect of which such taxes are paid.

This then is one possible solution for British Columbia. The advantage of such a provision in the B.C. Municipal Act would be that it could take much of the conflict out of the local situation between Band and Municipality.

4. Another (but less satisfactory) possibility is to have the Federal government pay a subsidy in the amount of the net income foregone (because of the loss of benefit of non-taxability) when Indian Bands lease instead of develop their lands.

We shall discuss each of these possibilities in turn.

annual tax rewards of over \$3,000,000 by the 1970's notwithstanding its capital contribution has been relatively small, as has been stated before--approximately \$150,000 for one subdivision only and its servicing cost has been very reasonable--on undeveloped area, golf courses, and so forth (p. 7) . . .

Musqueam Provided Tax Base for the City (p. 7)

The Band has, therefore, not only borne the burden of capital expenditures on the Reserve and paid for servicing, but has also created a very handsome tax source for the City, yet has not had any fair share of it!

As developer/owners the Band Council would earn profits (or losses) of the developers; the rent for the land would only be a "book entry" imputed on the basis of the opportunity cost of leasing to non-Indians. In addition, neither the land nor the improvements would be taxable by any external taxing authority.¹² In any capital intensive development the benefits of non-taxation would be substantial. The result would be a *much higher rate of return* on Indian as opposed to non-Indian investment in real estate developments. This would achieve the full benefit of Section 86 of the *Indian Act*.

Development of real estate requires at least three important elements:

- a) an organizational "vehicle," i.e., corporation, trust, partnership, etc.,
- b) large amounts of capital, and
- c) managerial skill.

As we shall see in the next Chapter, the most common organizational device, incorporation, enables lenders to obtain the necessary security for their loans, i.e., through the corporation a lender is able to avoid the provisions of Section 88 (1) of the *Indian Act*.¹³ However, incorporation apparently has the effect of making the *corporation* (as opposed to the owners) subject to the provisions of Section 4 of the *B.C. Taxation Act*, which states:

Property and persons subject to taxation--(1) To the extent and in the manner provided in this Act, and for the raising of a revenue for Provincial purposes.

- a. all property with the province and all output of every person resident in the province, and the property within the Province and the output produced within the Province of persons not resident in the Province is liable to taxation; and
- b. every person shall be assessed and taxed on his property and output, and on the property and output held, controlled, or produced by him in a representative capacity; and
- c. every occupier of Crown land shall be assessed and taxed on the land and the improvements thereon held by him as an occupier.

"Person and taxpayer" are defined by the Act to include persons male and persons female, and all partnerships, syndicates, associations, corporations, agents, and trustees;

"Property" includes land, mine, mineral, mineral claims, and improvements, as defined in this section.

¹²In addition, under Section 86 of the *Indian Act*, no income tax would be eligible on profits earned as developers, or on income earned by Indians employed on the development project.

¹³88(1) states: "Subject to this Act, the real and personal property of an Indian or a band situated on a reserve is not subject to

It would seem that the corporate *entity* as such is subject to the tax and not the owners, whose ethnic or racial characteristics are irrelevant. Currently, proceedings are being taken to collect taxes levied upon Sportman Holdings Ltd., a company owned by Indians. The company's property is located on Indian Reserve #4C of the Cook's Ferry Band near Spences Bridge. Recently the Province obtained an order attaching the bank account of the company, but only \$1 was found in the account. Our discussions with tax officials indicate that they would like to see the case presented to the appropriate Court and obtain a Declaratory Judgment so that both the Province and the Indians know what their respective positions are. The Federal government has in the past been prepared to defray any costs of defending such an action in the interests of determining a point of law. As we write this (August 1968) the Indians concerned have expressed no intention to take the case to Court and ask for a Declaratory Judgment. They claim the Province has no authority to tax the company. As we read the law (but we are not lawyers), it seems clear that corporations holding land and improvements on Indian reserves, whether they are owned by Indians or not, are taxable, the same as *any* lessee of reserve lands. This appears logical since a corporation is an artificial person, "which exists only in the contemplation of the law," and presumably has no ethnicity. In view of this situation, we explore in the next Chapter, the possibility of another form of business organization which will provide adequate security for non-Indian creditors *and* receive the benefits of Section 86 of the *Indian Act*.

The supply of sufficient capital is intimately bound up in the solution of the question of the appropriate business "vehicle." If Indians can establish a form of business organization which will enable them to provide the same degree of security that lenders may obtain elsewhere and still retain their tax exempt status, then there is no reason why a portion of the higher rates of return on Band Council investments in real estate developments on the reserve cannot be used to attract sufficient debt capital. While most Bands do not have large amounts of liquid capital they can contribute to development projects, they do possess the crucial asset for any real estate development--*land*. In contributing the land Indians could retain ownership control *and* attract sufficient debt capital for construction purposes.

We come now to the necessary element of managerial skill. Currently, with some notable exceptions, we believe most Band Councils lack both the experience and professional training to undertake the management of large scale developments. However, Indians do possess one important management attribute--the ability to hire trained, professional management staff to conceive, direct and administer development projects. In the beginning Indians would make the important *value judgments* on development questions. As they received training (working on their own projects), they would become capable of giving both professional counsel

charge, pledge, mortgage, attachment, levy, seizure, distress or execution in favour or at the instance of any person other than an Indian."

and making normative decisions. Presently, Indians need substantially more independent professional advice from a wide range of skilled practitioners. We give an example in the next Chapter which illustrates this need. Even before value judgments can be made, opportunities must be defined and possible courses of action analyzed. This is the job of the imaginative professional working in close consultation with interested Indian people.

We will deal with the second and third possibilities together. They are the setting up of a reserve-taxing authority to levy taxes upon non-Indian lessees,¹⁴ and the possibility of entering into revenue-sharing agreements¹⁵ with the present municipal or Provincial taxing body. Most of the discussion that follows is taken from a working paper prepared by an official of the Indian Affairs Branch.

Even a cursory review of Sections 80 and 82 of the *Indian Act* would leave the reader convinced that Band Councils have virtually *all* of the powers of a local municipality. After reviewing the history of the Cowichan Band--City of Duncan; and Musqueam Band--City of Vancouver discussions in the past few years the paper states:

- (i) It is argued that in statute the Bands have similar access to powers and authority as municipalities. When the Municipal Act, Vancouver Charter and Indian Act are compared it can be seen that Indian Band Councils can be delegated most of the major powers of their non-Indian counterparts; these include the ability to undertake long term capital debt, license businesses, carry out public works, building inspection, control of street traffic, health and cemeteries, policing and zoning, and provide for parks. Finally Bands like municipalities may assess and raise property taxes. At Musqueam and at Cowichan we find ourselves in a situation of jurisdictional overlap, and municipalities with their provincial authority, and the Bands with their federal powers over a common area of land.
(p. 5)

In section (ii) is indicated the case law by which municipalities have the right to tax non-Indian lessees of reserve lands. But it is pointed out that:

- (ii) . . . these decisions are not entirely satisfactory since they do not answer the argument that the Band has a competing (and superior) claim to the property tax source under federal authority.

The working paper goes on to state:

¹⁴And provide services.

¹⁵These agreements could involve both tax and service sharing.

K. Lysyk in a *Survey of the Contemporary Indian of Canada* (Ottawa 1966) points out that s. 91-24 of the B.N.A. act refers to "Indians *and* lands reserved for the Indians," and notes that some judgments have approached the matter of provincial competence as if the reading was "Indians *on* lands reserved for the Indians" (p. 227). (A recent case *Regina v. Superior Concrete Products Ltd.*, B.C. County Court 119/65 illustrates this point.) But we are dealing with the problem of competence over lands. Then Lysyk notes that our initial test of competence of provincial law is to see whether the legislation has a "provincial aspect so as to provide constitutional support for application of the law to Indians and presumably land reserved for Indians if the field is clear" (p. 224). He continues: "The second problem is whether there is federal legislation occupying the field; for such federal legislation will, to the extent it conflicts with a provincial enactment, render the latter inoperative" (p. 224).

Lysyk then notes the so-called "territorial theory" (p. 226-7) (p. 5) derived from the case of *Rex v. Rodgers* 1923 s. S.W.R. 353. The view expressed by the judge here amounts to a theory which "would entirely exclude provincial laws from the reserve. If pursued, this approach would logically require exempting non-Indians, as well as Indians, from provincial laws so long as the person in question was within the privileged confines of the reserve at the material time" (p. 227). But, as Lysyk points out there are other cases which support provincial legislation affecting such non-Indians, so that the "territorial theory" requires qualification. Cowichans and Musqueams agree then that reserve territory is not a clear field of federal competence, but where non-Indians are involved a joint one with the provinces --on the other hand they argue that provincial-municipal legislation is *intra vires* only as long as federal statute and Band by-laws refrain from entering the field, but, where they do the "paramountcy doctrine" takes effect.*

- (iii) But there are other reasons which give support to the position of the Musqueams and Cowichans; reasons rooted in the historical development of the fabric of the Canadian constitution.

Certain noted writers have emphasized the importance of local government in the development of Anglo-Saxon constitutions. W. J. M. MacKenzie has said "in some sense or other, local self-government is now part of the English constitution, the English notion of what government ought to be" (*Theories of Local Government* London, 1961 p. 5). John Bebout has described what he calls

* Lysyk quotes the classic statement of the paramountcy doctrine as follows: "There can be a domain in which provincial and dominion legislation may overlap, in which case neither legislation will be *ultra vires* if the field is clear, but if the field is not clear and the two legislations meet the dominion legislation must prevail" (p. 224).

"an ancient partnership" in Anglo-Saxon systems of government between senior governments and local governments, which has its roots in the common law and in Magna Carta (*An Ancient Partnership, Local Government, Magna Carta, and the National Interest*, University of Virginia, 1966) George Mooney has said "Municipal governments are the foundation upon which the whole scheme of federated Canadian democracy is built Unless this foundation is well secured and well maintained, the superstructure is resting on tenuous and precarious footings" (quoted by Bebout, *op. cit.*, p. 42).

The argument then is that if by the Indian Act of 1952 the federal government has enabled the creation of local governments with revenue raising and regulating powers, such local authorities, where they develop, have a strength which derives from their position in the constitution, a strength which precludes any arbitrary reduction in their powers rendering them impotent. But the effect is indeed impotence if the provinces have the authority to tax non-Indian lessees regardless of any other circumstances. (p. 6)

For the circumstances may be that Indian local governments take on the responsibilities of servicing a territory only to have the supporting tax resources vanish as non-Indians lease the serviced land.

In the case of Musqueam and Cowichan, the Bands have taken on local government responsibilities which require tax support. Roads have been constructed, fire protection provided, garbage collected and a host of other services. These Bands must rely on the income from lease and sale of property, and from Band funds to avoid the situation of double taxation through the levy of a property tax. But municipal governments could not operate under similar conditions, it would effectively frustrate local government, since capital income relates to market values, whereas tax income relates to the value put on public services.

In summary then the Cowichans and Musqueams are saying to the municipalities; "we recognize your authority to tax and regulate non-Indian lessees of Indian land, but we claim also to have these powers, and furthermore we feel our position in law and in the constitution to take precedence to yours. But instead of allowing a situation of dual and conflicting jurisdictions to impede political and economic development let us settle upon a rational sharing of revenues and responsibilities." (p. 7)

The working paper goes on to *answer* a very important argument:

Corporation Counsel for the City of Vancouver, Russell Baker has stated that the City's taxing powers are only effective over "surrendered" land. He has said: "where lands have been surrendered, . . . the Band, it is submitted, forfeit their right to raise money by taxation and licensing." (Submission of City of Vancouver to Chairman and Members of the Private Bills Committee, Province of British Columbia, Victoria, B.C. p. 2.)

There are several problems with the above approach. First, it is inconsistent with City policy which has been to tax and control non-Indian lessees whether or not the land they lease is surrendered. The other question concerns the meaning of the "surrender" itself.

Under the Indian Act lands may be leased without surrender as in s. 58 (3) or leased or sold with surrender under s. 53. Surrender seems to be a procedure whereby the Band gives up its usufructuary interest in the land to the Crown in order that it may be leased or sold unencumbered by such. The revenue from such lease or sale, is of course deposited to the Band's trust account. But the city's point is that surrender means that the land in question is no longer "reserve" land within the meaning of the *Indian Act*, and federal and thus band political control ceases forthwith.

The trouble with the above of course is that it ignores one of the fundamental characteristics of a political body, whether it be Indian local government, municipal government, or provincial or federal government, which is, that all governments have two distinct kinds of control over land. Like any natural or incorporated body they enjoy rights of ownership, private controls to use and to sell. Secondly, governments have rights of regulation and taxation. Indeed, it is the separation of these rights which distinguishes government from a private organization. *Governments* may sell their ownership rights while retaining regulating and taxing controls. So fundamental is this separation to local governments that it is clear that their existence depends upon it. (p. 7)

The Bands argue therefore that the sale or lease of ownership control by a Band local government, does not affect political control over such land, unless there has been some express renunciation of political powers. A renunciation such as would occur say if one municipality sold bordering land to another municipality and followed up with appropriate changes in Letters Patent of each corporation to demark new jurisdictional boundaries.

Without such an explicit change in political jurisdiction it is hard to see how local governments could function. If political control flowed with ownership, jurisdiction would be so fragmented geographically as to make local government impossible. Yet it is assumed by some that Indian local government can operate under these conditions. Obviously the very essence of local government is something to do with the interdependence of people in a common neighbourhood. If some people are free from the control of health, sanitation or traffic by-laws, or are not required to contribute to the support of local government it is difficult to see how a local government could be other than impotent. To say that this states the position of Indian Bands is *ipso facto* to reduce the federal government's control (through Band Councils) over the use of Reserve land to an extent not supported by statute or the courts. (p. 8)

As Tables 2 and 2(a) indicate, the Provincial government collects

about one-third of the taxes levied (in 1967) on the lessees of Indian lands. In any negotiations regarding tax sharing, the Provincial government will be important in its own right, as a collector of taxes, and as a possible legislator of regulations to be followed by municipalities. An amendment to the Municipal Act similar to the one that became effective April 1, 1967 in Saskatchewan¹⁶ would bypass the problem of bargaining with each municipality,¹⁷ but some flexibility would be lost!

There have been a number of representations made to the Province by Indian Bands on the idea of tax sharing and providing more services to lessees of reserve land. One band in its brief rested its case on the principle "that when interests in Indian lands are taxed to produce revenues for a government, then those lands and their occupiers should, in justice and equity, receive the benefits of expenditures by that government on services to those lands." The arguments advanced by provincial authorities were put in this way:

The brief is based on the premise that, because the lessees of Indian Reserve Lands pay property taxes, the Provincial Government should provide services such as roads and certain public utilities to the lessees. However, it is not the policy, nor the practice, of the Government to participate in such services on private lands. Industrial developers of private land have to provide all the necessary services, roads, water and sewers, to the land. In this case, the responsibility lies with the band of Indians whose properties are occupied by the leaseholders.

Occupiers of other Provincial or Federal Crown lands are assessed and taxed in exactly the same manner as are occupiers of Indian reserve lands, and are treated no more nor less favourably when it comes to the availability of roads and other services.

No commitment is made by the Province for the provision of any specified services to property. However, all of the services available to private land owners are also available to occupiers of Indian reserve lands. These services include education, hospitals, administration of justice and labour laws, public highways, agriculture, welfare, public health, provision of electoral functions and management of our natural resources, including Provincial parks, fish and game.

In rural areas when a group of property owners desire to have some specific service provided such as sewer, water, irrigation, fire protection, ambulance service or other services of a direct local benefit, they normally form an improvement district, or obtain the service under one of the several provisions of the Municipal or

¹⁶Quoted earlier in this Chapter.

¹⁷Not to say the difficulty in "justifying" the tax sharing to the voters.

Local Services Acts. These services are paid for by the property owners either on a basis of user charges, or an apportionment of the costs, no grant being made by the Government. The lessees of the industrial development on the reserve, if they so desired, could apply to organize in the same manner. The only difference in arranging an improvement district on reserve lands would be that the approval of the band and the Indian Agency would be required.

While the persons writing the brief visualize the tax revenues paid to the Province as being a "windfall," they overlook the fact that apart from the general services provided, industries on reserve lands, as anywhere, create new jobs and thereby attract additional families requiring schools, welfare, health services and other services of a local nature.

The position taken is *not* highly sympathetic. However, we note a bright spot amid the grey. In a recent editorial (August 22, 1968), entitled "Self Help for Indians," the *Vancouver Sun* states:

The Conservative government of Ontario, becoming a progressively liberal leader among the provinces has inaugurated a measure of self-government for Indians.

Its first steps are relatively cautious in the James Bay district of Moosonee, but there seems scope in the plan for a local development board for extension to full municipal government. The board will be responsible for some basic services and has power to raise realty taxes. There are two Indians on the five-member board appointed by the government.

"We are not done by a long shot," Ontario Municipal Affairs Minister D'Arcy McKeough says, which encourages hope for elections and full municipal status.

This move toward self-government is something other governments have talked about. A long-promised new Indian Act is supposed to include some such provision. What Ontario is doing is far more likely to get results to the approval of Indians than massive funds from paternalistic white government.

From this it is obvious that an important precedent is about to be set. In view of their high level of development, presumably the Indians of B.C. can look forward to similar opportunities.

Because of the very widespread misunderstanding of the economics of incidence of "the burden of taxation" with respect to Indian lands and the lessees of Indian lands, we will comment upon a further argument that was put forward and try to point out the questionable nature of the analysis:

The brief stresses the comparison between the property taxes and the lease rentals paid claiming a disproportionate amount of property

tax is being collected. In checking this, it is noted there is no correlation in the individual lease between the property taxes and lease rental payments. However, even if there was, the comparison is not material to their case, as the amounts are brought about by different forces. The property taxes are levied on the assessed value of the land and improvements the same as they would be anywhere in the Province. The lease payments on the other land are dependent on the value of this property and location and the lease payments indicates the lessor was not able to interest the lessee in the property at a higher rental and the lessee could not interest the lessor at a lower rental. Therefore, although a comparison between the relationship of the property taxes and the lease payments may be interesting, in itself, it cannot be a reason for adjusting the property taxes payable.

The Federal Government is responsible for the welfare of the Indians and no property taxes are paid on the reserves. The Provincial Government only receives property taxes from the non-Indian lessees of reserve land in the Province. In dealing with these lessees, equality of treatment with holders of private property is accorded, and the same responsibilities are imposed and the same rights and benefits accrue as with the lessees of Crown-granted lands in British Columbia.

The reader will recall that, in essence, our argument was that the amount of lease rental the Indians received was reduced by the amount of the property tax on the site value¹⁸ of the land paid by the lessee. This reduction in the rental, equal to the amount of the property tax, constitutes "the gross burden of the property tax" on Indians.¹⁹ Provincial authorities suggest that the amount of the taxes levied and the amount of the rental received "are brought about by different forces." Surely, this is not the case. The total tax bill is determined by the market value of the land (or some ratio) and the mill rate. The rent of the land (and that is *all* most lessees of reserve land contract for) is determined competitively,²⁰ representing an equilibrium rate of return based on market value of the land.²¹ In fact, a very common way of

¹⁸ Most economists would suggest that taxes on the site value alone are borne by the owner (now, usually capitalized because of the differential rates of taxation on land as opposed to other assets) and the taxes on "improvements" are borne by the occupier.

¹⁹ The net burden would be determined by subtracting from the gross burden the cost of services provided to the lessee.

²⁰ Except in a very few cases in which uniqueness enables the owner to behave (to some extent) like a monopolist.

²¹ Because the number of persons interested in most development projects on reserve lands is usually small, the amount of the rental is not completely determined by "the market," *a priori*. The existence of

determining the market value of an industrial or commercial site is to *capitalize* the annual rental charge. Therefore, there *is* a close relationship between the market value of the land, its annual rental and (given the mill rate) the amount of taxes levied on the land alone.

a few, rather than many, potential lessees means that the lease rental is a bargainable figure within a range of possible final outcomes depending upon bargaining skill and other non-pecuniary factors.

CHAPTER 10

A SURVEY AND VALUATION OF SEVEN INDIAN RESERVES

In the previous Chapter we have presented our analysis of the impact of the real property tax on B.C. Indians. We have suggested several ways in which Indians living on reserves could obtain the maximum amount of benefit under Section 86 (1) of the *Indian Act*. This section states that "the interest of an Indian or a band in reserve or surrendered lands . . ." is exempt from taxation.

In this Chapter we will discuss two major issues which flow from our suggestions in the previous Chapter. Under our terms of reference we were asked to do "a study and quantitative assessment of the special status of Indians as taxpayers," including "a general analysis of present and *potential* taxes levied on Indians . . ." and "the tax implications of an increase in business activities on Indian reserves" ¹ Sometime after this study began we realized that only a professional survey and assessment could possibly give us the required information on the "tax potential" of B.C. Indian reserves. An additional appropriation was obtained from I.A.B. to hire D. P. Squarey and Associates, a firm of surveyors, valuers and real estate consultants. Because of the limited budget, Mr. Squarey's task was soon defined to consist of a study to classify and value the land and improvements of seven reserves of major importance in the future. The reserves chosen in consultation with I.A.B., Ottawa and Vancouver offices were:

- Cape Mudge Indian Reserve No. 9 & 10,
- Musqueam Indian Reserve No. 2,
- Squamish-Capilano Indian Reserve No. 5,
- Mission Indian Reserve No. 1,
- Seymour Creek Indian Reserve No. 2,
- Kamloops Indian Reserve No. 1, and
- Cowichan Indian Reserve No. 1.

There were several purposes in having Mr. Squarey make this study:

- a) If Band Councils are to create a local government on the reserve, it is first necessary to examine the possible amount of tax revenue that could be expected if the mill rate of the surrounding

¹Emphasis added; for the full terms of reference see the Introduction to this study.

taxing authority were levied on the current assessed value of land and improvements on the reserve. Mr. Squarey's study performed this task on the seven reserves chosen.

- b) We were also interested in determining the amount of *potential* tax revenue that *could* be received by a reserve local-government *if* more *intensive* economic development of these reserves took place.²
- c) In addition, we desired to examine the *current* economic situation on the reserves with an eye to determining if current *leases* are eliciting the maximum economic benefit obtainable under the particular circumstances. In part, we were indirectly evaluating the land-use function performed by I.A.B.

We will quote virtually all of Mr. Squarey's report to us. His study, we are happy to say, exceeded our expectations with the thoroughness and interest with which it was conducted.

In preparing each individual report D. P. Squarey & Associates proceeded as follows:

- (i) Each reserve has been classified into one or other of a variety of existing land uses;
- (ii) Each reserve has also been valued in accordance with our opinion of the highest and best use of the various parts of the reserve --the construction of highways, encroachment of commercial development; etc. tending to upgrade the use of the land from scrub or agriculture to residential, commercial or industrial usage;
- (iii) The relevant mill rate has been applied to the taxable assessed values derived from i) and ii) above--a Municipal mill rate has been utilized in cases of reserves whose land is embedded within surrounding municipalities and in other cases the Provincial mill rate has been applied;
- (iv) A plan of each reserve has been prepared and illustrates the various existing and potential land use classifications;³
- (v) Land and improvements on each reserve, presently used for public purposes either by the Indian Band or non-Indian Lessees, has not been assessed for taxes;
- (vi) Improvements upon land leased to non-Indians have been valued in accordance with their present assessments;
- (vii) Improvements upon Band owned or Locatee owned land has been valued by inspection;
- (viii) Land leased to non-Indians has in many instances been valued in

²Such development might be by both Indians and non-Indians.

³Copies of the plan of each of the seven reserves studied by D. P. Squarey & Associates have been filed with the office of the Indian Commissioner of B.C., Vancouver.

accordance with their present assessments since these closely approximate our opinion of current market value, but in some cases, particularly where the contractual ground rent is well below the market, we have ignored the current assessments which are based on such a rent and placed our opinion of value upon these lands.⁴

Before we set out the major results of Mr. Squarey's investigations, a number of general observations made by Mr. Squarey are most helpful in interpreting the tax yield stated in each report:

- (a) When classifying each reserve into land use categories we have not concerned ourselves with the question of whether or not land is Band or Locatee owned; in the latter case any particular Indian, whose family has lived for many years on one parcel of land, may be disinclined to put his land to any other higher use than the existing use;
- (b) A Locatee might put his land to, or lease it for, a use that is incompatible with surrounding land uses thereby lowering values in the vicinity;
- (c) The normal spur of economics and control of zoning would not necessarily be conducive to an Indian Locatee utilizing his land to its highest and best use;
- (d) If the development of land to its highest and best use involves an influx of non-Indians onto a reserve in close proximity to traditional fishing waters this may well be undesirable insofar as the Band is concerned so that the land may never be developed;
- (e) Whilst for purposes of this report we have attempted to value the land in each reserve as if it did not form a part of a reserve, thus freeing it from the practical considerations which no doubt apply from the Indians' viewpoint, the values so determined may in the future be less than indicated for the reasons mentioned above.⁵

We now present the text of Mr. Squarey's report to us. The report goes a long way in answering the questions raised in the purposes of the report set out above. At the conclusion of Mr. Squarey's report we will add our own comments. The text of his report follows:

Re: The valuation of land and improvements for
taxation purposes - Cape Mudge Indian Reserves
Nos. 9 and 10, Quadra Island, B.C.

In accordance with your instructions we have inspected the above mentioned reserves. In forming our opinion of value, from which the tax yield upon the attached Table 1 is derived, we have taken into

⁴Letter from D. P. Squarey & Associates to the authors, June 5, 1968.

⁵*Ibid.*, p. 3.

consideration the following factors:

1. LOCATION

Both these small reserves are situated upon Quadra Island, which island lies just off the east coast of Vancouver Island, opposite the town of Campbell River.

Indian Reserve No. 9 lies upon the east coast of Quadra Island, immediately south of Drew Harbour; this reserve thus enjoys frontage to both Drew Harbour and Sutil Channel.

Indian Reserve No. 10 occupies the southwestern corner of Quadra Island with extensive foreshore frontage to Discovery Passage.

2. SIZE OF RESERVES

Indian Reserve No. 9 encloses approximately 240 acres; Indian Reserve No. 10 encloses approximately 1,252 acres, the two reserves combining a total area of approximately 1,492 acres.

3. TOPOGRAPHY

Indian Reserve No. 9 has a gradual slope down to the foreshore, the foreshore to Drew Harbour being very low lying and marshy in places.

Indian Reserve No. 10 occupies mainly high land, its southern boundary ending with a 30-35' cliff. The western boundary of the reserve fronting Discovery Passage descends steeply to the waterfront, this steep bank cutting into the mainland of the reserve as it travels northwards, forming a lower lying foreshore bench on the northern part of the reserve.

4. AVAILABILITY OF SERVICES

Indian Reserve No. 9 has not been improved and does not, therefore, enjoy any servicing except for a narrow gravel access road.

Within Indian Reserve No. 10 is located the Indian Village fronting the western shore of the Island; the Village having gravelled roads, a very limited water supply, and no sanitary sewer system. We understand that the provision of a water supply has for some time been a distinct problem in the expansion of the Village subdivision. Following recent water borings, however, we understand that an adequate de-contaminated supply of water is readily available. It would appear highly possible that the present waterpipe system be utilized in the distribution of this newly found water supply.

We have inspected a plan of survey of subdivision of part of the Cape Mudge Indian Reserve No. 10 and we are at a loss to understand why the lot boundaries were so designated when many of the boundaries

bisect improvements upon land that existed at the time of the survey. It would appear that this survey could have been more simply and effectively carried out by first fixing the boundaries between the Village homes and then surveying and plotting the resultant lot boundaries.

5. COMMENTS UPON LEASES

There are no leases in existence upon Indian Reserves 9 and 10.

6. DEVELOPMENT POTENTIAL OF THE RESERVES

Both reserves are situated upon an attractive small island close to the mainland of Vancouver Island. The foreshores of these reserves are particularly suitable for subdivision into summer cottage lots there being an increasing demand for summer cottage accommodation within the neighbouring islands and more particularly in this vicinity owing to the excellent salmon fishing off the Quadra Island/Campbell River shores.

Access to the island is gained by a small ferry running between Campbell River and Quathiaski Cove; whilst this ferry boat, shortly to be replaced with a more modern vehicle, makes regular runs to and from Quadra Island, we consider that such limited access will restrict development of the reserves to summer cottage/residential use for many years hence.

We are therefore of the opinion that the reserves would be assessed for taxation purposes in accordance with the attached Table 1 there being no difference between the existing and potential land use.

TABLE 1

CAPE MUDGE INDIAN RESERVES NO. 9 AND NO. 10 TAX YIELD BASED ON EXISTING LAND USE

Classifi- cation	Area in Acres	Assessed Values		Mill Rates		Tax Yield	
		Land	Improve- ments	T.A.	P.S.A.	General	School
			\$			\$	
Timber land & scrub	1,093	40,050		5	32.17	205	1,321
Waterfront land	207	293,000		5	32.17	1,465	9,426
Summer cot- tage lots	170	280,700		10	32.17	2,807	9,030
Single family residential	22	65,675	45,943	10	32.17	1,001	3,221
TOTALS	1,492	680,425	45,943			5,478	22,998

Re: The valuation of land and improvements for
taxation purposes - Musqueam Indian Reserve
No. 2, Vancouver, B.C.

In accordance with your instructions we have inspected the above mentioned reserve. In forming our opinion of value, from which the tax yield upon the attached Table 2 is derived, we have taken into consideration the following factors:

1. LOCATION

This reserve is situated some five miles southwest of Downtown Vancouver; it lies immediately south of Southwest Marine Drive and extends in a southerly direction to the north shore of the Straits of Georgia and the North Fraser Arm. The reserve thus enjoys an extensive waterfrontage along its southerly boundary with a somewhat limited frontage to Southwest Marine Drive.

2. SIZE OF RESERVE

This reserve contains just under 400 acres, excluding the cemetery, Band office and road allowances.

As will be seen from the accompanying plan and schedule, a very large proportion of this reserve is leased to non-Indians and used for recreational facilities; this use being extensively enjoyed in this vicinity.

3. TOPOGRAPHY

The majority of this reserve is situated upon high land, the eastern half sloping down to the waterfront in a uniform grade from Southwest Marine Drive; the western half of the reserve lies upon a high, flat, plateau; this plateau, extends almost to the waterfront where a 30-80' cliff descends to a low lying foreshore strip.

4. AVAILABILITY OF SERVICES

The new Musqueam Village lying in the eastern section of this reserve enjoys all facilities generally provided for non-Indian residential subdivisions. The mid-northern section of the reserve, fronting Southwest Marine Drive and currently leased to non-Indians, has also been subdivided for residential purposes, all necessary facilities having been provided.

5. COMMENTS UPON ACCESS

There are presently two roads providing access to the heart of the unleased portion of the reserve; namely Crown Street and Fifty-First Avenue, the former being a paved road winding through the new Indian Village. Whilst these access roads appear adequate for the present residential development, either additional access will be

required, or Fifty-First Avenue should be widened and generally improved before completion of the proposed residential subdivision west of Musqueam Village together with the proposed apartment site.

6. COMMENTS UPON GOLF COURSE LEASES

Over half the total area of the reserve must be precluded from any major replanning for at least sixty-five years; this large area of 218.64 acres being the subject of two leases, one to Shaughnessy Golf & Country Club and the other to Musqueam Recreations.

With respect to Lease No. 2229 in favour of Shaughnessy Golf & Country Club, we are concerned that the rent reviews to be agreed for each fifteen-year term cannot be increased by more than 15% over and above that amount agreed for the first fifteen year term being approximately \$180 per acre per annum.

We feel that this rent is already well below the current market rental value and that even with a maximum permissible 15% increase the rents yet to be agreed for future terms will fall further and further behind true rental value.

With respect to the lease to Musqueam Recreations, Number 3926, we note with regret that the current rent is again approximately \$180 per acre per annum and that future rent reviews are also tied to a maximum increase of 15%.

7. COMMENTS UPON RESIDENTIAL LEASE TO MUSQUEAM DEVELOPMENTS

This lease comprises 24.92 acres of land fronting Southwest Marine Drive, being currently developed into fully serviced lots by Musqueam Developments Limited. The lease is for 99 years commencing 1965, the rent being fixed for each subdivided and developed lot for the first three terms, each of ten years duration, with rent reviews every 20 years thereafter.

Approximately 18.72 acres of this land is being developed for single family residential purposes, many of the serviced lots having already been sold to builders or private occupiers. We note that the predetermined rent for the first thirty years of lease on each lot is very low and that Musqueam Developments Limited have capitalized upon the low rentals by selling their leasehold interest at substantially higher prices than the incurred costs of development.

The remaining 6.2 acres of land within the lease will be developed by Musqueam Developments Ltd. as an apartment site; the rental for this area being increased by \$550 per acre per annum, more than that rent attributed to the single family residential zoned land.

We note that when negotiating for revised rentals the fair market value of the hypothetically unimproved land is already determined at six percentum of the ten full current market value of the land.

Owing to the high interest rates currently obtainable, we would have preferred that this rent review not be tied to any percentage of market value.

8. DEVELOPMENT POTENTIAL OF THE RESERVE

We consider that the unleased land within this reserve could be presently developed to its most profitable use. We are therefore of the opinion that owing to the high concentration of development in the immediate vicinity, this reserve would be currently assessed for taxation purposes in accordance with our attached Table 2; there being no difference between the existing and potential land use.

TABLE 2

MUSQUEAM INDIAN RESERVE NO. 2 - TAX YIELD
BASED ON EXISTING LAND USE

Classification	Area in Acres	Assessed Values (\$)			Mill Rates		Tax Yield (\$)	
		Land	Improve- ments	L&T Imps. -exemptns.	T.A.	P.S.A.	General	School
<u>Agricultural</u>								
Leased - Scrub & Treed Marsh	35.74 2	214,400 5,000			41.5	27.553	8,895 208	5,907 138
Leased - Cultivated	32.42	8,002	12,375				717	476
<u>Commercial</u>								
Leased Unleased	220.53 -	299,365	293,570	24,849			21,561	14,827
<u>Residential</u>								
Leased - Single Family Apartment	18.72 6.20	594,505 106,344	310,170 -	-			34,326 4,413	22,787 2,930
Unleased - Single Family Apartment	72.98 8.08	1,467,500 175,000	301,552 -				70,287 7,263	46,660 4,821
TOTALS	396.67	2,870,166	917,667	24,849			\$147,673	\$98,546

Re: The valuation of land and improvements for
taxation purposes - Squamish-Capilano Indian
Reserve No. 5 - Greater Vancouver, B.C.

In accordance with your instructions we have inspected the above mentioned reserve. In forming our opinion of value, from which the tax yield upon the attached schedule* is derived, we have taken into consideration the following factors:

1. LOCATION

This reserve is situated some three miles due north of Downtown Vancouver; it lies on either side of Lions Gate/First Narrows Bridge and extends from the Burrard Inlet foreshore to Marine Drive east of the Bridge and from the cutoff lands to just north of Marine Drive on the west side of the Bridge. The reserve thus enjoys waterfrontage in the southeast and a main commercial road along its northern boundary.

2. SIZE OF RESERVE

This reserve contains approximately 245 acres including the school and playing fields but excluding the road allowances and cemetery.

As can be seen from the accompanying plan and schedule, almost all the reserve lying west of the Capilano River is leased to non-Indians who have developed the majority of their leased land, forming a large commercial complex including the popular Park Royal Shopping Centre.

That portion of the reserve lying to the east of Lions Gate Bridge is divided into two by the east/west P.G.E. right-of-way; the land lying south of this right-of-way and enjoying the waterfrontage has all been leased to non-Indians, the land to the north, containing two villages, two leased areas and unimproved scrub land.

3. TOPOGRAPHY

The land has a very slight, uniform slope from Marine Drive to the north down to the waterfrontage. For all practical purposes the reserve can be considered flat with the exception of an old dried-up creekbed just east of Lions Gate Bridge.

4. AVAILABILITY OF SERVICES

The western portion of the reserve being the site of the Park Royal Shopping Centre, enjoys full servicing. Water, B.C. Hydro and telephone are supplied to the trailer park between the Bridge and

* Table 3.

Capilano River, the school, the two Indian Village subdivisions, Lions Driving Range, and to an office building upon the land lying south of the P.G.E. tracks.

5. COMMENTS UPON ACCESS

Access to Park Royal Shopping Centre is good by virtue of Marine Drive. The eastern part of the reserve also enjoys frontage to this road. There are in addition two paved roads extending from Marine Drive to the P.G.E. tracks, apart from the small residential streets within the Village subdivision.

6. COMMENTS UPON LEASES

Park Royal

This area is the subject of several leases, each for a period of eighty years, the commencement dates varying from 1960 to 1963; the rents determined for the initial terms of fifteen to twenty years would appear to be more representative of market value than the majority we have inspected in the course of this study. We would also point out, that the terms of revision appear to be fair and equitable to both parties.

Samuel Williams (B.C.) Ltd.

This lease, No. 4884, enclosing 55 acres, contains the land lying south of the P.G.E. tracks, enjoying valuable waterfrontage. An 80-year lease of this area has been granted with rent reviews every 20 years. We consider the current rental to be extremely low, the difference between market rental value and the reserved rent becoming increasingly wider until the next rent review in 1985. We would at this juncture point out, that if liable for taxes this land would be assessed at its current market value which, we consider to be almost double the amount levied by the Municipality of West Vancouver. We have therefore shown upon the attached schedule the local authorities assessment and our own assessment and have excluded the local authorities assessment from our grand totals.

Other Leases

We consider the remaining leases to be more equitable than that already described with the exception of the Lions Driving Range Ltd. lease that is due for a rent revision next year.

7. DEVELOPMENT POTENTIAL OF THE RESERVE

Approximately 100 acres within this reserve lie dormant. We consider however that due to the high demand for land in this vicinity, an Assessor would value this land as either residential, commercial or industrial land; we have therefore divided this dormant land into these three categories, as shown upon the attached schedule (Table 3) there being no difference between the existing and potential land use.

TABLE 3

SQUAMISH-CAPILANO INDIAN RESERVE NO. 5 - TAX YIELD
BASED ON EXISTING AND POTENTIAL LAND USE

Classification	Area in Acres	Assessed Values (\$)		Mill Rates		Tax Yield (\$)	
		Land	Improve- L&T Imps. -exemptns.	T.A.	P.S.A.	General	School
<u>Commercial</u>							
Leased	44.40	1,500,904	3,216,750	228,225	31.6	124,559	137,334
Unleased	15.0	202,500				6,399	6,865
<u>Industrial</u>							
Leased	55	825,000	10,500	10,070		26,318	28,452
Unleased	61.65	924,000				29,198	31,324
Industrial - Leased - West Vancouver Municipi- pality's assess- ment & taxes	55	448,680	10,500	10,070		14,397	15,733
<u>Residential -</u>							
Apartment Leased	8.78	115,575	85,850			4,985	7,199
Trailer Park	14.0	105,000	exempt			3,318	3,560
Residential	34.78	175,975	117,000			8,334	8,940
School	3.55		exempt				
Playing Fields	4.3		exempt				
TOTALS	241.46	3,743,954	3,430,100	238,295		203,111	223,704

Re: The valuation of land and improvements for
taxation purposes - Mission Indian Reserve
No. 1, Squamish Band, North Vancouver, B.C.

In accordance with your instructions we have inspected the above mentioned reserve. In forming our opinion of value, from which the tax yield upon the attached schedule* is derived, we have taken into consideration the following factors:

1. LOCATION

This reserve is situated within the City of North Vancouver, the majority of the reserve lying south of Marine Drive and extending southerly to the foreshore of Burrard Inlet.

The reserve is situated in a rapidly expending industrial area, and enjoys waterfrontage, railroad trackage and main road thoroughfares.

2. SIZE OF RESERVE

This reserve contains approximately 41 acres excluding the road allowances, church, convent and band office. As will be seen from the accompanying plan, this reserve is divided into two unequal portions by the existence of the diagonal P.G.E. railway; the larger portion to the north of this railway being extensively developed for residential purposes, the land to the south having been reclaimed from Burrard Inlet with little development taking place.

3. TOPOGRAPHY

The land has a uniform slope from the northeastern corner of the reserve down to the railway tracks; south of the tracks the land has been filled and can be regarded as flat, with the exception of one large mound of fill yet to be spread.

4. AVAILABILITY OF SERVICES

That part of the reserve lying north of the railway tracks has been developed as a residential subdivision and enjoys sanitary sewers, water, blacktopped roads and hydro power. The limited improvements lying south of the P.G.E. railway tracks enjoy water and hydro power only.

5. COMMENTS UPON LEASES

As will be seen from the attached schedule,* there are no leases to non-Indians in existence within this reserve. We understand, however, that the Squamish Band receives fifty percent of the rent

* Tables 4(a) and 4(b).

received from the timber mill immediately south and adjoining the railway tracks.

6. DEVELOPMENT POTENTIAL OF THE RESERVE

Owing to the heavy demand for apartment sites in the immediate vicinity, we consider that the 5.27 acre triangular portion of land lying north of Marine Drive, excluding the one lot adjoining the convent, could be immediately developed for this high density residential use.

With regard to the large 23.15 acre portion of land lying between Marine Drive and the P.G.E. railway tracks, we consider that whilst the demand for industrial land remains heavy, the cost of relocating the Indian homes within this area would probably offset the profitability of such a large operation.

We consider that that land lying south of the railway tracks could be readily developed for industrial purposes after levelling and installation of necessary services.

We are therefore of the opinion that this reserve would be currently assessed for taxation purposes on the following basis:

- (a) land lying north of the P.G.E. tracks--
existing single family residential use.
- (b) land lying south of the P.G.E. tracks--
existing industrial use, and where unimproved
as industrial land.

At such time as the land lying north of Marine Drive is rezoned to multi-family residential use, then this 5.27 acre area would be assessed for such use despite the existing single family residences.

TABLE 4(a)

MISSION INDIAN RESERVE NO. 1 - TAX YIELD
BASED ON EXISTING LAND USE

Classifi- cation	Area in Acres	Assessments		Mill Rates		Tax Yield	
		Land	Improve- ments	Gen.	Schl.	General	School
<u>Industrial</u>			\$	38	33	\$	
Leased	-						
Unleased	10.9	163,500	15,000			6,441	5,767
<u>Commercial</u>							
Marina	-	262,500	2,000			10,005	8,712
<u>Residential</u>							
Single family	29.12	455,000	150,500			19,578	18,740
<u>Cemetery</u>	0.89	exempt					
TOTALS	40.91	881,000	167,500			36,024	33,219

TABLE 4(b)

MISSION INDIAN RESERVE NO. 1 - TAX YIELD
BASED ON POTENTIAL LAND USE

Classifi- cation	Area in Acres	Assessments		Mill Rates		Tax Yield	
		Land	Improve- ments	Gen.	Schl.	General	School
<u>Industrial</u>			\$			\$	
Leased	-						
Unleased	10.9	163,500	15,000			6,441	5,767
<u>Commercial</u>							
Marina		262,500	2,000			10,005	8,712
<u>Residential</u>							
Single Family	23.85	375,000	136,500			16,325	15,753
Apartment	5.27	247,500				9,405	8,168
<u>Cemetery</u>	0.89	exempt					
TOTALS	40.91	1,048,500	153,500			42,176	38,400

Re: The valuation of land and improvements for
taxation purposes - Seymour Creek Indian
Reserve No. 2 - Squamish Band, North
Vancouver, B.C.

In accordance with your instructions we have inspected the above mentioned reserve. In forming our opinion of value, from which the tax yield upon the attached schedule* is derived, we have taken into consideration the following factors:

1. LOCATION

This reserve is situated within the Municipality of North Vancouver, lying either side of the Second Narrows Bridge approach and extending southerly to the foreshore of Burrard Inlet.

The reserve is thus situated some four and a half miles east/northeast of Downtown Vancouver, within a rapidly growing industrial area, enjoying access to the Trans-Canada Highway and other main traffic thoroughfares within the Municipality. The southern part of the reserve also enjoys the benefit of railroad trackage.

2. SIZE OF RESERVE

This reserve contains just under 75 acres excluding the road allowances. As will be seen from the accompanying plan, this reserve is now divided into several separated areas, by the existence of the area known formerly as Cutters Island, and the aforementioned road allowances and railroad.

3. TOPOGRAPHY

The whole of the land in the immediate vicinity has a very slight slope from the north down to the southern foreshore. For all practical purposes, however, this land may be considered flat.

4. AVAILABILITY OF SERVICES

The majority of the southern and eastern parts of the reserve currently leased for industrial purposes enjoy adequate services.

The only two large portions of land not yet developed are: a 4.8-acre parcel fronting Seymour Boulevard and backing onto Seymour Creek; and a 10.24-acre parcel on the western part of the reserve lying between Orwell Street and the Second Narrows Bridge approach. The former parcel of land enjoys frontage to a blacktopped road with sanitary sewer and water main installed; the latter parcel has a frontage to a narrow gravelled road without the benefit of either sanitary sewers or water.

* Table 5.

5. COMMENTS UPON LEASES

As will be seen from the accompanying plan and schedule the majority of this reserve has been leased for industrial purposes, the majority of leases being for a term of eighty years with rent reviews every ten years, the rent for the first two periods being predetermined.

We consider the current rental to be extremely low, the difference between market rental value and the reserved rent becoming increasingly wider until the rent review date for the third period in approximately sixteen years time.

We would point out that if liable for taxes, this land would be assessed at its current market value, which we consider to be considerably higher than the amount levied by the Municipality of North Vancouver. We have therefore shown upon the attached schedule,* the local authority's assessments and taxes and our own assessments and taxes from our grand totals.

6. DEVELOPMENT POTENTIAL OF THE RESERVE

Of the unleased land within the reserve we would suggest that the two large parcels previously mentioned in connection with the availability of services could be presently developed for residential purposes in accordance with the local Municipality's zoning. There merely remains two small portions of land, namely Parcels R and S, the former enjoying a corner site we consider to be suitable for commercial purposes, and the latter we have classified as industrial land.

We are therefore of the opinion that owing to the high concentration of development in the immediate vicinity, this reserve would be currently assessed for taxation purposes on its existing use and zoning; there being no difference between the existing and potential land use.

* Table 5.

TABLE 5

SQUAMISH-SEYMOUR CREEK INDIAN RESERVE NO. 2
TAX YIELD BASED ON EXISTING LAND USE

Classification	Area in Acres	Land	Assessed Values (\$)		Mill Rates		Tax Yield (\$)	
			Improve- ments	L&T Imps. -exemptns.	Gen.	School	General	School
<u>Industrial</u>								
Leased (Municipality's assessment)	56.33	470,625	344,370	62,650	40	33.06	24,334	25,614
Leased (our assessment)	56.33	753,225	344,370	62,650	40	33.06	35,639	34,956
Unleased	1.2	14,000					560	463
Water Lot		30,580	200	-			1,226	1,016
<u>Commercial</u>								
Unleased	.66	10,000					400	331
Residential	15.04	100,000					4,000	3,306
<u>Foreshore</u> (shared with I.R. #5)		17,115					684	564
<u>Park</u>	0.45	exempt						
TOTALS	73.68	924,920	344,570	62,650			42,509	40,636

Re: The valuation of land and improvements for
taxation purposes - Indian Reserve No. 1,
Kamloops, B.C.

In accordance with your instructions we have inspected the above mentioned reserve. In forming our opinion of value, from which the tax yield upon the attached schedule* is derived, we have taken into consideration the following factors:

1. LOCATION

This reserve is situated at the confluence of the North and South Thompson Rivers; it lies immediately across the South Thompson River from the City of Kamloops and the reserve straddles both the existing North Thompson Highway and the Yellowhead Highway which is under construction. The reserve enjoys extensive frontage both to the north and south arms of the Thompson River.

2. SIZE OF RESERVE

This reserve is large, encompassing approximately 20,000 acres, excluding the cemetery, band office and school sites, together with road allowances; as may be seen from the attached schedule,* the area of the recreation park has been included but no taxes assessed against it.

As will be seen from the accompanying plan, a very large proportion of this reserve comprises ranchland.

3. TOPOGRAPHY

For all practical purposes, all that land lying to the west of the North Thompson Highway and immediately adjacent to the north bank of the South Arm of the Fraser, is flat or gently sloping--the balance of the reserve is for the most part of less satisfactory topography.

4. AVAILABILITY OF WATER

There is at present no piped water supply available to the bulk of the land in this reserve; existing industrial developments are serviced by means of sandpoint wells. There is an existing water supply derived from Paul Creek but this would now appear to be quite inadequate due to the granting of water rights on this creek to an adjoining ranch; a water supply for irrigation purposes could be provided from both the north and south arms of the Thompson River but this would require extensive capital expenditures.

* Tables 6(a) and 6(b).

5. COMMENTS UPON B.C. HYDRO RIGHTS-OF-WAY

The area contained within the reserve lying immediately to the north of the south arm of the Thompson River has a gentle slope from the river back to the toe of the slope forming the ranchlands; this area of land is festooned with B.C. Hydro Rights-of-way which will therefore effectively sterilize the use of this land for all but agricultural purposes whereas in the future we can foresee an effective demand for this land for either residential or industrial purposes.

Had some thought originally been given to the location of these hydro electric lines, then they might have been placed a little further north upon land which is (a) sufficiently far from the waterfrontage on the Thompson River to receive any benefit in terms of value for residential purposes, and (b) is topographically unsuitable for anything but grazing purposes.

6. EFFECT OF NEW HIGHWAY

The new Yellowhead Highway route is at present under construction; there is little doubt but that this highway will encourage an increased traffic flow to and from Kamloops and points north and to this extent values adjacent to the new highway may confidently be expected to increase since the land may be utilized for tourist, commercial, service station and drive-in purposes. The existing bridge over the south arm of the Thompson and connection with the North Thompson Highway is inadequate but a new bridge is being built over the Thompson which will remove this problem of access.

7. COMMENTS UPON INDUSTRIAL LEASES

There is a busy industrial estate situated in the southwest part of the reserve immediately across the south arm of the Thompson River from the City of Kamloops; with increased access to the area by virtue of the new highway this area can be expected to expand.

Numerous industrial and storage type buildings have been built in this industrial estate upon ground leases--these leases leave something to be desired in terms of security to the lessee since they are commonly drawn for a five-year term with an option on behalf of the tenant to renew for three to nine further periods of five years each; the renewals of the lease shall be granted upon terms and at a rental to be agreed, any dispute over the rental to be settled by the Exchequer Court. Therefore, whilst the rental may be settled as between the parties, there is no provision for the settlement of any disputes arising out of the terms and conditions to be imposed under any renewal of the lease; to the extent therefore that this renewal option is uncertain, it is therefore probably voidable. It would be our recommendation that these leases be altered in such a way as to grant to each lessee a term certain of from thirty-five to fifty years, the length depending on the type of

building to be erected, there being a covenant within the lease that rental revisions shall take place every five or ten years throughout the course of the lease term. It would seem to us that the financing of industrial buildings over a five-year term certain granted in the leases would be a difficult matter and, if available, then in all probability a balloon payment clause would be inserted in any mortgage requiring full payment of the outstanding principal at the end of five years. A condition such as this will encourage a tenant to put up as cheap a building as possible and this is not desirable.

8. SUMMARY

We consider this reserve has considerable potential for development purposes, both for industrial, commercial and small holding purposes. The construction of the new Yellowhead Highway will tend to increase the pace of redevelopment for industrial and commercial purposes, and the provision of a satisfactory water supply will materially assist in increasing the potential productivity of what is now scrub agricultural and thus increase the effective demand and value of such potential small holding land. For Tables 6(a), 6(b), see the next page.

TABLE 6(a)

KAMLOOPS INDIAN RESERVE NO. 1 - TAX YIELD
BASED ON EXISTING LAND USE

Classification	Area in Acres	Assessed Values			Mill Rates		Tax Yield	
		Land	Improve- ments \$	L&T Imps.	T.A.	P.S.A	General \$	School
<u>Industrial</u>								
Unleased	140.88	351,210	Nil		10	34.62	3,512	12,159
Leased	94.84	282,166	329,090	139,873	10	34.62	5,290	23,103
<u>Commercial</u>								
Unleased	Nil	Nil	Nil		10	34.62		
Leased	1	5,050	7,825	1,500	10	34.62	109	378
<u>Agricultural</u>								
Small holdings	460	345,000	100,000		5	34.62	2,100	14,540
Grazing - scrub	2,328	232,800	Nil		5	34.62	1,164	8,059
High ranch land	11,050	44,200	Nil		5	34.62	221	1,530
Medium ranch land	4,866	111,918	Nil		5	34.62	560	3,875
Low ranch land	1,100	179,300	Nil		5	34.62	897	6,207
<u>Miscellaneous</u>								
Trailer park	6.4	16,000	3,250		10	34.62	184	638
Recreation park	80.92	5,663	Nil		Exempt		Nil	Nil
TOTALS	20,128	1,573,307	440,165	141,373			14,037	70,489

TABLE 6(b)

KAMLOOPS INDIAN RESERVE NO. 1 - TAX YIELD
BASED ON POTENTIAL LAND USE

Classification	Area in Acres	Assessed Values			Mill Rates		Tax Yield	
		Land	Improve- ments	L&T Imps.	T.A.	P.S.A.	General	School
		\$					\$	
<u>Industrial</u>								
Unleased	206.6	538,535	Nil		10	34.62	5,385	18,644
Leased	94.84	282,166	329,090	139,873	10	34.62	5,290	23,103
<u>Commercial</u>								
Unleased	63.6	257,742	Nil		10	34.62	2,577	8,923
Leased	1	5,050	7,825	1,500	10	34.62	109	378
<u>Agricultural</u>								
Small holdings	2,707	2,030,250	100,000		5	34.62	10,527	72,884
Grazing - scrub	Nil	Nil	Nil		5	34.62	Nil	Nil
High ranch land	11,050	44,200	Nil		5	34.62	221	1,530
Medium ranch land	4,866	111,918	Nil		5	34.62	560	3,875
Low ranch land	1,033	168,379	Nil		5	34.62	842	5,829
<u>Miscellaneous</u>								
Trailer park	25.4	63,500	3,250		10	34.62	659	2,283
Recreation park	80.92	5,663			Exempt		Nil	Nil
TOTALS	20,128	3,507,403	440,165	141,373			26,170	137,449

Re: The valuation of land and improvements for
taxation purposes - Cowichan Indian Reserve
No. 1, Vancouver Island, B.C.

In accordance with your instructions we have inspected the above mentioned reserve. In forming our opinion of value, from which the tax yield upon the attached schedule* is derived, we have taken into consideration the following factors:

1. LOCATION

This reserve is situated at the confluence of the Deltas of the Koksila and Cowichan Rivers; it is a relatively large reserve and, as may be seen from the accompanying plan, surrounds the southerly part of the City of Duncan.

2. SIZE OF RESERVE

This reserve comprises approximately 4,400 acres, a large proportion of which is either timber land, poor agricultural land or agricultural land liable to flooding.

3. TOPOGRAPHY

The bulk of this reserve is generally flat; there are however certain areas of higher land and these have been shown upon the attached plan.

4. AVAILABILITY OF WATER

A piped water supply is available in the immediate vicinity of the City of Duncan and a limited supply exists in a number of the Indian villages; upon the balance of the reserve there is no piped water supply but there is a ready source available by means of the Cowichan and Koksila Rivers.

5. COMMENTS UPON ACCESS

The Vancouver Island Highway runs through the mid-point of the reserve and railroad trackage is available to a large part of the area.

6. COMMENTS UPON EXISTING LAND TENURE

Numerous parcels upon this reserve are held by Locatees as opposed to being within Band control and this may well cause problems in future development of that part of the reserve which is clearly destined for a high density form of development in the immediate environs of the City of Duncan.

*Tables 7(a) and 7(b).

7. SUMMARY

In the event that the City of Duncan prospers and expands then it can be expected that the land comprising this Indian Reserve will increase in value, particularly in those areas immediately adjoining the residential, commercial and industrial areas of the City. For Tables 7(a) and 7(b) see the next page.

TABLE 7(a)

COWICHAN INDIAN RESERVE NO. 1 - TAX YIELD
BASED ON EXISTING LAND USE

Classification	Area in Acres	Assessed Values			Mill Rates		Tax Yield	
		Land	Improve-	L&T Imps.	T.A.	P.S.A.	General	School
			ments	-exemptns.				
		\$			\$			
<u>Industrial</u>								
Unleased	9.30	24,780	41,000		13	32.92	722	1,828
Leased								
<u>Commercial</u>								
Unleased	23.9	229,187	316,660	66,680	13	32.92	6,066	17,009
Leased								
<u>Agricultural</u>								
Timber land	1,927	236,000			8	32.92	1,888	7,769
Scrub	1,652	138,900			8	32.92	1,111	4,573
Cleared, unleased	597	104,475			8	32.92	836	3,439
Cleared, leased	62.56	4,450	640		8	32.92	39	162
<u>Residential</u>								
New Koksilah village	8	6,000			13	32.92	78	196
Improvements only		260,750			13	32.92	3,390	8,584
<u>Miscellaneous</u>								
Rights-of-way		2,695			13	32.92	35	89
School	5.2	3,360	29,820		Exempt		Nil	Nil
Sewage lagoon	28.54	14,270			Exempt		Nil	Nil
Rooming grounds	30.5	100			13	32.92	1	3
Garbage dump	11.13	1,650			Exempt		Nil	Nil
TOTALS	4,355.13	1,026,617	368,120	66,680			14,166	43,652

TABLE 7(b)

COWICHAN INDIAN RESERVE NO. 1 - TAX YIELD
BASED ON POTENTIAL LAND USE

Classification	Area in Acres	Assessed Values			Mill Rates		Tax Yield	
		Land	Improve- ments	L&T Imps. -exemptns.	T.A.	P.S.A.	General	School
							\$	\$
<u>Industrial</u>								
Unleased	9.0	90,000			13	32.92	1,170	2,963
Leased	9.30	24,780	41,000		13	32.92	722	1,828
<u>Commercial</u>								
Unleased	119.0	468,750			13	32.92	6,094	15,431
Leased	23.9	229,187	316,660	66,680	13	32.92	6,066	17,009
<u>Agricultural</u>								
Timber land	1,705	197,000			8	32.92	1,576	6,485
Scrub	1,450	108,600			8	32.92	869	3,575
Cleared, unleased	506	88,550			8	32.92	708	2,915
Cleared, leased	62.56	4,450	640		8	32.92	39	162
<u>Residential</u>								
Single family	378	225,000			13	32.92	2,925	7,407
Apartments	17.0	42,500			13	32.92	553	1,399
Improvements only		260,750			13	32.92	3,390	8,584
<u>Miscellaneous</u>								
Rights-of-way		2,695			13	32.92	35	89
School	5.2	3,360	29,820		Exempt		Nil	Nil
Sewage lagoon	28.54	14,270			Exempt		Nil	Nil
Booming grounds	30.5	100			13	32.92	1	3
Garbage dump	11.13	1,650			Exempt		Nil	Nil
TOTALS	4,355.13	1,653,042	388,120	66,680			24,148	67,850

We shall not try to summarize Mr. Squarey's report and draw any general conclusions on the basis of his study of only seven reserves. We think it is clear, from the individual reports themselves, that the economic development of Indian reserves involves a series of *special* cases which must be examined *individually*. We will, however, append a few comments of our own.

In making a potential valuation of reserve lands Mr. Squarey has done so on the assumption that very little or no capital is required by Indians to achieve that valuation. But Mr. Squarey points out:

. . . it is reasonable to assume that with a change of zoning or as a result of works carried out by third parties, the land might subsequently be capable of being put to a very much higher use than is at present the case--in Musqueam for example in the proposed single family and apartment development we have valued that area of land in its raw acreage state presuming it to be suitable for residential purposes, such residential use being distinct from its existing use as scrub land. . . . We expect that in many instances the potential upon each reserve would be capable of realization merely upon inquiry by interested third parties; this is particularly true of Kamloops and the land adjoining the Yellowhead route.⁶

We must examine one fundamental assumption implicit in such studies as the one done for us by D. P. Squarey & Associates. Mr. Squarey states that each reserve was "valued in accordance with our opinion of the *highest and best use* of the various parts of the reserve" ⁷ What Mr. Squarey means is the form of land use which will maximize the *economic* gain to the Band located on the reserve. However, many non-economic factors enter into the development of land--particularly where the land is designated as an Indian reserve. Such land has *more* than economic value. It may have cultural, religious, esthetic, and "sentimental" value which may far outweigh the purely economic benefits to be gained from development. The important contribution a study such as Mr. Squarey's makes is to delineate opportunities and to qualify the opportunity costs of *not* undertaking economic development of the reserve. It may well be that after examining the various possible uses of their land, the Band will decide to continue to devote the greater part of it to their own residential use. The point is that they will have done so cognizant of the fact that other opportunities exist and that in foregoing these opportunities they have incurred an economic cost. While the *economic* benefits may be large if a development scheme is undertaken, the "psychic costs" of change may be greater than the benefits of development. This is a *value judgment*, not a question of economics.

Mr. Squarey's report indicates that of the seven reserves studied

⁶Letter from D. P. Squarey to W. T. Stanbury, June 25, 1968, Vancouver.

⁷Emphasis added.

in four there would be *no* difference between existing and potential land use. These reserves were:

- Cape Mudge Indian Reserve No. 9, 10,
- Musqueam Indian Reserve No. 2,
- Squamish-Capilano Indian Reserve No. 5,
- Seymour Creek Indian Reserve No. 2.

We may summarize the total "current" and potential tax yields of the seven reserves in Table 8 below:

TABLE 8
"CURRENT" AND POTENTIAL TAX YIELDS
OF SEVEN RESERVES

Indian Reserve	Total Taxes now Levied on Non- Indian Lessees	Possible Tax Revenue at Current Mill Rates	Total "Current" Revenue	Total Potential Revenue
Cape Mudge Nos. 9-10	\$ none	\$ 28,476	\$ 28,476	\$ same
Musqueam No. 2	117,189	129,030	246,219	same
Squamish-Capilano No. 5	358,977	67,838	426,815	same
Mission No. 1	none	69,243	69,243	80,576
Seymour Creek No. 2	49,948	12,550	62,498	same
Kamloops No. 1	28,880	55,646	84,526	163,619
Cowichan No. 1	25,826	31,992	57,818	91,998

Source: See the report of D. P. Squarey & Associates above.

From the Table it is obvious that if they formed their own local government on the reserve some Band Councils would be in a position to collect substantial taxes from non-Indian lessees. Currently these taxes are being collected by the contiguous Municipality or by the Province. A total of \$358,977 in taxes is levied upon the non-Indian occupiers of the Squamish-Capilano Indian Reserve No. 5 alone.⁸ In addition to the taxation of non-Indian lessees, Band Councils could tax Indian residents. The amounts of revenue (at the current mill rates of the surrounding or adjacent tax jurisdiction) do not seem to us to be large. We cannot say if they are sufficient to make a local government economically viable on the reserve. Only further study could answer

⁸ Readers will recall that the total amount of taxes levied by Municipalities and the Province on non-Indian lessees in 1967 was over \$900,000.

the question.

As we stated above the amount of potential tax revenue is based on the *current* mill rate and on the assumption that virtually no Indian capital is required to achieve the potential assessments and revenue. As a result the tax potential must be *understated*. With the construction of buildings on the land, assessments and revenues should rise substantially. We should remind our readers that the reserves included in the survey and assessment are *not* representative of all the Indian reserves in B.C. For the most part they were chosen because of their current relatively high level of development or because I.A.B. officials believed that they might figure prominently in future economic development. In the previous chapter we pointed out that the revenues from leases are very unevenly distributed among the Bands of the province. This is simply a reflection of the distribution of the potential for economic development. Only more detailed studies such as the ones included in this paper will bring to light the economic potential of the reserve.

There is more to economic development of the reserve than land-use studies, capital and management. We will deal with two other important elements of the development process. The first is the *attitude* of the people most directly involved in the process of economic development. This is a general problem faced by all economies undergoing the process of development. The second is an element in the process of development unique to the Indians' situation. It involves the choice of the appropriate organizational "vehicle."

On the matter of attitudes we will be brief. Since we did not have extensive personal contact with Indians, we do not feel we are able to offer "evidence" on this matter. However, during the course of this study we asked Mr. Squarey to record his impressions on the nature of the attitudes of B.C. Indians toward economic development of their reserves. We emphasize, as did Mr. Squarey, that these are *first impressions*--subject to change. They are based on his study of seven reserves only. Mr. Squarey states:

As a result of my conversations when going around the reserves, it would seem as though it is possible to group the Indians into three broad categories--these classifications are extremely broad, are probably ill-defined and their membership may vary from year to year. The groups are:

- (a) those who are chiefly of a traditional turn of mind,
- (b) those who are more inclined towards emulating, in many respects but not all, the white man, and
- (c) those in whom the sentiments of (a) and (b) above are blended.

The traditionalists would appear to, quite understandably, wish to resist the changes taking place, both on and off the reservations, which are all excused in the sometimes spurious name of progress and which all tend to draw the younger generation further and further

away from the spiritual and cultural standards by which the Indians have previously lived. We would feel that development of any part of a reserve by the white man in close proximity to established Indian villages, residences or tribal fishing waters would be strongly resisted by this group. This group appears to exert a great deal of influence within each band which may exceed that of the elected band council. Those who wish to emulate the white man are very often those individuals who become elected to the band council or some position of responsibility within the tribe; it would appear as though some of these individuals, if associated too closely with the white man, tend to lose their influence with the Indians in an inverse ratio to their association with the white man. Generally speaking, these individuals are those who are keenest upon improving the reservation's position both for residential purposes for the Indians themselves and for profit by means of leasing.

Those individuals who are a blend of the past and present are probably those who can best be relied upon both by the Indians and the white man to utilize the reserves by way of development in such a way as will not offend the sensibilities of the traditionalists and yet assuage the impatience of the more modern minded.⁹

We will now deal with the problem of devising an appropriate business and organization "vehicle" to undertake economic development of the reserve.

The "Vehicle"

If Indians are to make efficient utilization of their very substantial and valuable (in some cases) land holdings, then one of the most important considerations is the *manner* in which they effect this utilization. Some form of business organization must be used, yet due to certain provisions of the *Indian Act* (noted below) the existing standard forms of business organization--proprietorship, partnership, co-operative, limited company--may not suit the special circumstances for various reasons.

Two sections of the *Indian Act* are of prime importance in considering the above matter. Section 86 (1), which deals with taxation, states: ". . . the following property is exempt from taxation, namely, a) the interest of an Indian or a band in reserve or surrendered lands, and b) the personal property of an Indian or band situated on a reserve, and no Indian or band is subject to taxation in respect of the ownership, occupation, possession or use of any property mentioned in paragraph (a) or (b) or is otherwise subject to taxation in respect of any such property" ¹⁰ This section means several things. First, it

⁹Letter from D. P. Squarey to the authors, dated June 25, 1968, Vancouver.

¹⁰Emphasis added.

means that the land itself is not subject to tax (except when surrendered, at which time it may be subject to property tax).¹¹ Second, it would appear that no taxes may be levied upon Indians in respect of the *use* of the property. Unfortunately the Act does not make it clear whether this *use* is restricted to Indians. For instance, if an Indian uses Indian land for, say, a public trailer park, there is little doubt that the income he earns from the utilization of the land in this manner is *NOT* subject to income tax. Further, if he employed other Indians on the reserve to help him, then their income would similarly *NOT* be subject to income tax. However, if an Indian (or the Band) incorporated a limited company (which he owned outright) to provide him with a more sophisticated form of business organization, it would seem quite clear that the limited company would be subject to (1) the property tax of any contiguous municipality, and (2) to the corporate income tax, since the limited company is not an "Indian" or a "band" as outlined in Section 86 above.¹² Furthermore, it is not entirely clear whether or not income that the Indian owner paid himself (or other Indians) in wages from the limited company would be liable for personal income taxes. We suspect that it would not be, since it is income arising out of the *use* of reserve land, and the Act does not stipulate that it must be the Indian's use. If the Act referred to "*his*" ownership, occupation, etc. instead of "*the*" ownership, etc. then this would be much more restrictive than the present wording. This point, however, is not clear, and there is apparently no jurisprudence on it.

Let us now suppose that the same reserve land is leased to a non-Indian who uses it for the same purpose, and does so under the legal form of a limited company. Again, it is quite clear that the limited company would be subject to property tax¹³ and corporate income tax. If the company hired status Indians, it would appear that their earnings from this source would not be subject to income tax. In other words, Indian employees of on-reserve corporations would be treated the same for tax purposes, whether or not the corporation was Indian or non-Indian owned, or whether it utilized surrendered or non-surrendered reserve land--Sec. 86 (1) clearly exempts both. This is a very important point, since present utilization of Indian reserve lands is substantially in the form of

¹¹As we understand it, the reason surrender is *necessary* is that the Band is *not* a legal entity and therefore is unable to enter into lease contracts.

¹²The corporation, itself, is a legal entity "existing only in the contemplation of the law." It has a separate existence quite apart from its ownership. The corporation has no ethnicity or racial characteristic.

¹³See our discussion of this point and excerpts from the law in Chapter 9 above.

leases to non-Indians, which means that the land has been surrendered.¹⁴

If we are correct in the above interpretation, it would seem very important that in future reserve land development, careful thought must be given to the employment opportunities such development might provide for reserve Indians. Then income from such employment would not appear to be subject to income tax. If we are not correct in our interpretation, then the matter of the "vehicle" becomes of even greater significance.

What desirable characteristics should the business "vehicle" possess?

- a) Tax-exempt--the vehicle should enable B.C. Indians to gain the full benefit of Sec. 86 of the *Indian Act*. In holding land on the reserve the vehicle must not be subject to property taxes levied by any external authority.¹⁵ In addition the income earned by the vehicle must not be subject to the corporate income tax or the individual income tax. Similarly, any returns to individual Indians received from the vehicle in the form of wages, salaries, "dividends" or shares of profits would not be subject to the individual income tax.
- b) Security for creditors--the vehicle must provide adequate protection for creditors who would normally be subject to Sec. 88 (1) of the *Indian Act* which provides that:

. . . the real and personal property of an Indian or band situated on a reserve is not subject to charge, pledge, mortgage, attachment, levy, seizure, distress or execution in favour or at the instance of any person other than an Indian.¹⁶

- c) Administrative convenience--the vehicle must be relatively simple and easy to administer in its daily affairs. It should provide for a hired management staff independent of, but subject to, the final review of, the "ownership" interests. It must be able to enter into ordinary contracts easily to expedite the purposes of its formation.

We will discuss each of these characteristics in turn.

¹⁴Sec. 37 of the *Indian Act* provides that: "lands in a reserve shall not be sold, alienated or otherwise disposed of until they have been surrendered to Her Majesty by the band."

¹⁵On land or improvements.

¹⁶Sec. 88 (2) exempts conditional sale agreements from Sec. 88 (1).

Some method must be found to leave the land clearly in the hands of the Indians (as opposed, say, to a corporate developer) so that the rent or other sources of income arising from the property will be non-taxable in their hands. This would have to be achieved by some form of organization other than the limited company, with its "corporate veil." Some possibilities exist--a *cooperative venture*, or *trust* arrangement whereby the land is turned over to a trustee(s) who would operate and control it on behalf of the Indian band members. The trustee would receive and disburse to band members revenues from the land utilization. Such revenues would not, we believe, be subject to the individual income tax.

In the event that the trustee wished to enter into some development project with a non-Indian, there would be nothing to preclude the use of a joint venture or partnership agreement between the trustee and the non-Indian. This could be subject to whatever was agreed between the two parties, as long as the actual land to be used was not alienated to a corporate entity or a non-Indian.

One avenue apparently open to Indian Bands, which could possibly solve two problems at once, is for Band Councils to form local governments (municipalities) on the reserves. This step would take care of the issue of the taxation of non-Indian lessees, *and* it would give the Band a non-taxable legal entity through which it could conduct the economic development of the reserve. As we understand them the extensive powers of municipal governments would enable the Band-Government to "hold" and develop land. As a municipality the entity would be non-taxable and it would be able to provide adequate security to creditors--its ability to levy taxes.¹⁷ We have not explored this possibility at any length but it seems worthwhile to do so.

The second very important characteristic relates to the security available to non-Indian developers of reserve lands. The importance of Section 88 (1) of the *Indian Act* is that it means that in the event that Indians wish to develop their reserves and look off the reserve for capital funds, they must be able to provide some security to the lender. Under the present circumstances they cannot pledge their land. As a result, the Department has, on occasion, guaranteed the capital funds to the financier in order to allow recommended projects to proceed. Another alternative would be to amend the Act to permit either Ministerial discretion to *waive* this section, upon petition by the Band, or to omit it entirely in cases where Indian Bands have reached some predetermined standard of political and economic development.

A further problem is that, while we have examples of the Department providing the ultimate security to lenders, this is undoubtedly a result of long, drawn-out proceedings and may well act as a deterrent to would be non-Indian developers or sources of capital funds.

¹⁷ *Income Tax Act* Sec. 62 (1) (b) and Sec. 62 (1) (c).

The problem of administrative convenience has already arisen in one case of which we know. In attempting to develop the reserve one band has transferred its assets into the hands of one individual so that he may effect contracts on their behalf. The reason for this cumbersome arrangement is that the Band does *not* wish to become liable for taxes if it formed a limited company.

The Present Utilization of Reserve Lands

The third purpose of the survey and valuation of the seven reserves conducted by D. P. Squarey & Associates was to determine if the current utilization of Indian reserve lands in the form of leases is eliciting the maximum economic benefit obtainable. In doing this we are in effect evaluating the performance of the land-use function of I.A.B. In the text of his report, Mr. Squarey has been critical on the terms of a number of important leases--see his comments on the Shaughnessy Golf Club lease, the lease to Musqueam Developments Limited, the lease to Samuel Williams (B.C.) Ltd., the industrial lease on the Seymour Creek Reserve No. 2, and the leases on the Kamloops Indian Reserve No. 1. In addition Mr. Squarey points out that the part of the Kamloops Reserve No. 1 "lying immediately to the north of the south arm of the Thompson River . . . is festooned with B.C. Hydro rights-of-way which will therefore effectively sterilize the use of this land for all but agricultural purposes, whereas in the future we can foresee an effective demand for this land for either residential or industrial purposes."

During the course of his investigation Mr. Squarey was surprised to find that a large scale plan of the reserve, containing information important in the land-use function, often did not exist in the I.A.B. offices. In a letter to the authors he stated:

It seems to us that the very minimum records that are required for each reserve is a large scale plan upon which is shown the following information:

- (a) existing land use,
- (b) form of ownership whether band owned or locatee owned,
- (c) land that has been alienated by way of lease to a white man by the band,
- (d) areas that have been leased to a white man by a locatee,
- (e) approximate location and class of improvements upon each parcel,
- (f) a code number upon each parcel referring to a file in which may be recorded all pertinent factors affecting that particular parcel.

We consider that it would assist the Indian Affairs Department if a duplicate plan was also produced upon which was shown, if applicable, the potential use to which a reserve or part of a reserve might be put. (Letter from D. P. Squarey & Associates to the authors June 25, 1968, Vancouver)

Before this Chapter draws to a close it may be worthwhile to give another extensive quotation outlining Mr. D. P. Squarey's suggestions for improving the land use function in Indian Affairs. These remarks summarize part of Mr. Squarey's remarks before a number of land-use officers of the Branch at a conference in Penticton, B.C.

A. PURPOSE OF A GROUND LEASE

- (i) The purpose of a ground lease is to release the value of land by way of an annual income stream without relinquishing the freehold ownership and to better secure the receipt of that income stream by requiring the lessee to erect a suitable building upon the land, obtaining a reversion to both land and buildings upon expiry of the ground lease term.
- (ii) Similarly, the purpose of a ground lease is also to provide a lessee with an interest in the land with sufficient security of tenure to enable and encourage it to erect a good class building.

B. MEANS OF ATTAINING A. ABOVE

- (i) The lessee should be granted a lease for a fixed period of years, the precise length of the term depending upon the type of development that represents the highest and best use of any particular parcel; for large commercial, residential or industrial developments, a satisfactory term of years is probably from 80 to 100 years--for smaller similar developments 50 to 75 years. For some developments in which the highest and best use of the land is represented by inexpensive improvements, then a shorter term still of from 15 to 50 years may be warranted. The length of lease, however, should not be for a short term, renewable for a series of further short terms, since such an arrangement gives insufficient security to the lessee who will then have financing difficulties and hence less development will take place in the area than might otherwise be the case, or less good class development, or both.
- (ii) Rent--the amount of rent specified in the lease should bear a definite relationship to the value of the land, the risk involved and the cost of money; the value of the land may be fixed initially by the comparative method of valuation and a percentage applied to this figure which would today, in view of the current high cost of money, be in the order of 7½% to 8%. It is not unusual for life insurance companies attempting to obtain a rental reflecting a rate of return slightly less than the going first mortgage rate, but this high rental under the ground lease is, to some extent, offset by the certainty of favourable mortgage loans.
- (iii) Rental Reviews--the lease should contain a clause establishing periodic rental reviews throughout the lease term; the spacing of those reviews is a matter for negotiation, but from the

lessor's point of view should be as often as possible as is compatible with the successful development and leasing of the improved site--for relatively short term ground leases, viz. up to 50 years, we would suggest that rental review periods occur every 5 to 7 years, and for longer period leases every 7 to 10 years.

Included within the rental review clause within the lease should be the following provisions:

- (a) There must be a definite manner of settling disputes as to the amount of rental upon any review otherwise the lease will be void for uncertainty;
 - (b) It should be stated that the rent payable after any review shall be not less than that which was payable during the previous period;
 - (c) There should be no artificial restrictions placed upon a rental increase such as a five or ten percent increase over the amount of rent payable in the preceding period--all review rentals should be based on the market value of the land at the time of review and the requisite percentage applied to such value;
 - (d) The basis of the calculation of a revised rental should be spelled out in the agreement and we would suggest that this may be calculated by reference to the value of the land as of the date of review if it were free of all improvements added thereto or placed thereon by the lessee. In instances where it is hard to establish this value by reason of the fact that bare land sales are hard to find at the review period, then the ground rent should increase in the same proportion, over each review period, as has the rack rental for the property--it is usually easier to find sufficient evidence of rack rentals to establish current rental levels than it is to find the capital value of unimproved land in areas which have been fully improved.
 - (e) We would suggest that the lessee should be given some encouragement to develop the land as well as possible by permitting him to occupy the land during the initial period of the lease for at least ten and possibly fifteen years before a rental review becomes applicable. In this manner the initial startup costs of the lessee may be, to a large extent, offset by the enjoyment of a profit rent for a reasonable period.
- (iv) Terms of Lease--inter alia
- (a) The rent must be net to the lessor.
 - (b) The lessee must covenant to pay the cost of all outgoings associated with the occupation and ownership of both land and buildings both now and during the full period of the lease term.
 - (c) The lessee must covenant to comply with all and every civic and municipal requirement at its cost.
 - (d) The lessee must covenant to maintain all improvements placed

on the land by it in good repair and decoration--if improvements are not kept up in good repair then this will tend to cause a deterioration in the area and lessen values of surrounding undeveloped land; similarly, if the lease is terminated for any reason, then unless the buildings are kept in good repair the reversionary interest in them becomes less valuable and may only be fully realized after the expenditure by the lessor of the necessary funds to repair such buildings. The lessor should have the right to enforce a repair clause by entering and doing the work at the lessee's cost and in the event of failure by the lessee to pay for the cost of this work, the lessor should have the right to terminate the lease.

- (e) The lessee must covenant to erect a building or specified improvement within a certain time limit; if no building or improvement is placed upon the land within a reasonable time, and perhaps this might be two years, then the lease should be capable of being terminated. It might be suggested also, that in order to avoid speculation in land no assignment or sub-lease should be permitted a head lessee until a building has been erected or specified developments to the land carried out. If no buildings are erected upon any given parcel but a lessee is merely waiting for an increase in land values before sub-letting or assigning so as to be able to transfer its interests in the land at a higher rent, this delay will not tend to encourage the leasing and development of other parts of land still to be leased.
- (f) The use to which the land shall be put should be clearly defined in the lease--if this is not done then improvements may be erected upon one particular parcel which may be prejudicial to the value of adjoining land. Any change of user should be subject to the lessor's approval.
- (g) The calibre of construction should be set out in the lease and tied into some established standard such as the National Building Code or some other municipal or provincial standard.
- (h) Sub-letting or assigning of the lease should require the lessor's approval--in the event of a sub-lease or assignment of the lease the head lessee should be made to remain responsible for the carrying out of the burdens of the lease--if this is not done then the administrative burden of collecting rents and enforcing the covenants in a multitude of sub-leases will fall upon the lessor and this should not be the case.
- (i) A clause may be inserted permitting a review of the terms of the lease and this may take place at any specified time or coincidentally with a rent review period--there must however be some machinery to settle any dispute over terms, otherwise once again the lease may be void for uncertainty.

C. GENERAL COMMENTS

- (i) The rent and terms of a ground lease are determined, as in any

other contract, by negotiation; to this extent leases may sometimes have to be flexible to take into account peculiar circumstances associated with any given case. In places where effective demand for land is high, in and about urban areas, it should be possible to arrange leases most favourable to the lessor--in outlying areas where there is much very similar land in competition and a lesser demand, the lessor's interests may less easily be favoured; in fact, in these outlying areas where there is a plentiful supply of other similar land, there may well be a resistance in the market to occupying land under lease as opposed to freehold.

- (ii) The successful construction of a building by a lessee, which in turn better secures the provision of rent to the lessor, depends to a significant extent upon the terms of the lessee's lease in relation to his ability to raise finance and construct a worthwhile building--it is therefore in the interest of the lessor to ensure that the lessee is given sufficient security of tenure on a reasonable basis but that the terms of such tenure are fair and reasonable.¹⁸

¹⁸From a letter from D. P. Squarey, to the authors, June 19, 1968, Vancouver.

CHAPTER 11

SALES TAXES, EXCISE AND CUSTOMS DUTIES

Sales and other forms of commodity taxes rank as the single most important *type* of tax in both the federal government and the B.C. provincial government's revenue picture. The principal sources of federal revenue for fiscal 1966-67 were:

TABLE 1

SOURCES OF FEDERAL REVENUES

Personal Income Tax ^{o*}	\$3,050.4M	31.6%
Corporate Income Tax ^{o*}	1,742.7	18.0
Taxes on Dividends, Interest going abroad	203.6	2.1
Sales: Taxes, Excise, Customs Duties ^o	3,627.3	37.5
Estate Tax	101.1	1.0
Other Taxes	.2	-
Non-Tax Revenue	<u>936.5</u>	<u>9.7</u>
	\$9,661.8	100.0%

^o Includes O.A.S. fund portion \$576.6M, \$149.5M and \$559.5M respectively.

* Does not include provincial portions of these taxes.

Readers interested in a more detailed breakdown of the Sales Tax, Excise and Customs Duties will find a list of revenues from selected tax sources below.¹

It is obvious that persons afflicted with the standard vices associated with the consumption of tobacco and alcohol are also stalwart taxpayers. As we shall see the list of federal taxes omits another important "sales tax" on alcohol--the profits from the operation of the British Columbia Liquor Control Board (B.C.L.C.B.). In 1966-67 the net profits exceeded \$44M. In addition the gross value of liquor sales was subject to the B.C. 5% Social Services tax which is an ordinary retail sales on goods with the important exception of food.

¹ Breakdown of the Sales Tax, Excise and Customs Duties as follows:

During fiscal 1966-67 the B.C. Provincial Government levied the following sales and commodity taxes:

5% Social Services Tax (Including Tax on Liquor Sales)	\$154.135M
Motor-fuel and Fuel Oil	63.891
Insurance Premiums	4.583
Net Profit of B.C.L.C.B.	44.182
	<hr/>
	\$266.791

Sales taxes, therefore, accounted for just over 36% of the gross revenue of the Province.² The revenue from the 5% retail sales tax exceeded the combined amount of the provincial portions of the Individual and Corporation Income Taxes.

The only analysis of federal sales tax revenues by province was performed by officials in the Federal Department of Finance for fiscal 1961-62. The reason for this is quite obvious: if we are interested in measuring the incidence of sales taxes on the citizens of a province, it is not enough to know *where* the tax is collected, we need to know where the goods which are taxed, either at the manufacturer or the retail stage, are actually consumed. Sales tax revenues must be allocated by

Sales Tax On		Customs Import Duties Net of Refunds and Drawbacks	
Domestic Goods	\$1,849.3M		\$777.6
On Imports	298.1		
Other Excise Taxes:		Excise Duties:	
Cigarettes	231.5	Spirits	158.1
Cigars	3.6	Beer	113.3
Tobacco Manufactured	16.3	Cigarettes	188.8
Jewellery, Watches	8.9	Cigars	.9
Phonographs, Radios	14.6	Tobacco Manufacturer	6.7
T.V. Sets and Tubes	16.6		
Toilet Articles	15.5	Total excise duties net	
Wines	4.8	of refunds & drawbacks	461.0

Source: Public Accounts of Canada, 1966-67, Vol. II, p. 28.10-28.12.

²Other major sources of provincial revenues during fiscal 1966-67 were:

Income Tax, Corporation and Individual	\$152.044M
Property Tax	11.984
Succession Duties	21.884
Motor Vehicle Licences and Permits	29.005
Grants in Aid, Shared-Cost Contrib.	109.049
Lands and Forests--Licences and Permits	56.351
Minerals--Licences and Permits	42.634

The total gross revenues for 1966-67 was \$731.623M.

the geographical consumption of the taxed product--this is the essence of the numbered references in Table 2.

We are unable, therefore, to present a similar analysis of federal sales and excise taxes for fiscal 1966-67. Even if we had performed the analysis we would still be a long way from our goal of determining the incidence of these taxes on particular income levels or on a particular group of people (B.C. Indians) as opposed to the total population of the province. By indicating how an investigator *would* go about doing such an analysis of the incidence of these taxes, we can point out why we were unable to determine the incidence of sales and excise taxes (both federal and provincial) on the Indians of B.C.

1. We would begin with an assumption (hopefully based on empirical evidence) of who bears the burden of the various sales and excise taxes. Gillespie began this way when he stated: "The general sales tax on consumer goods is assumed to be borne by the consumer. The tax is allocated by a distribution of total consumption expenditures. This treatment is based on the general consensus among economists that the sales tax on consumer goods is, in fact, borne in proportion to total outlays on consumption."³ A similar assumption is made regarding the incidence of selective excise taxes in liquor, tobacco and motor fuels. As we shall see there is a very important alternative assumption which leads to quite different results.
2. The second step in the analysis (following the Gillespie assumption) is to prepare a distribution of the expenditure on taxed products by family income class in the case of Gillespie, or in the case of our study to determine the relative amounts of the taxed products consumed by B.C. Indians and the rest of the population. To do this step properly it is absolutely necessary to have a survey of consumer expenditures which records the amount spent by families in various income classes on a long list of commodities.
3. In our case, we would then analyze separately, the consumption patterns of Indians and non-Indians. From the amount spent on various commodities, we could then determine the amount of the taxes paid (on the average) by the families in each income class, both Indian and non-Indian.⁴

³W. Irwin Gillespie, *The Incidence of Taxes and Public Expenditures in the Canadian Economy*, Study Number 2 for the Royal Commission on Taxation, Ottawa, Queen's Printer, 1966, p. 40.

⁴We retain the distribution of both Indian and non-Indian families by *income class* so that our measure of the taxes paid by each group is not distorted by the different distribution of income in each group. In essence we are concerned with the impact of differences in tastes and preferences on the amount of taxes paid.

TABLE 2

ESTIMATED ALLOCATION BY PROVINCE OF BENEFIT OR INCIDENCE OF FEDERAL
REVENUES FOR THE 1961-62 FISCAL YEAR

(Thousands of dollars)

	<u>Nfld.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>Que.</u>	<u>Ont.</u>	<u>Man.</u>	<u>Sask.</u>	<u>Alta.</u>	<u>B.C.</u>	<u>Terr.</u>	<u>Total</u>
A. Final Allocations												
1. Individual income tax	17,322	2,894	37,803	27,100	433,064	847,354	83,481	59,359	134,172	202,285	4,725	1,849,559
2. Corporation income tax	16,857	5,202	25,801	20,594	328,268	520,126	53,338	34,400	91,387	118,179	2,703	1,216,855
3. Estate tax	313	68	905	1,066	17,570	33,012	3,153	788	2,702	8,003	-1	87,579
4. Sales and excise taxes												
a) tobacco	5,158	1,402	13,779	10,087	123,482	152,874	20,666	16,515	29,514	37,458	445	411,480
b) alcohol	3,162	1,022	8,025	4,721	67,923	115,876	14,739	11,600	21,024	28,552	718	277,362
c) certain other goods and services	43	17	200	191	1,533	3,151	259	210	386	563	17	6,570
5. Unemployment Insurance Fund - contrib. by employers & employees	4,139	833	8,945	8,000	76,031	111,700	15,389	7,528	17,473	27,390	361	277,789
6. Non-tax revenues												
a) post office	1,057	390	4,789	4,144	44,386	83,138	10,521	6,079	11,277	17,695	203	183,679
b) service fees - R.C.M.P. services to provinces & municipalities	737	139	733	667	-	-	1,183	1,394	1,976	4,249	-	411,078
Sub-total (final revenue allocations)	48,788	11,967	100,980	76,670	1,092,257	1,867,231	202,729	137,873	309,911	444,374	9,171	4,301,951
B. Preliminary Allocations												
1. General sales tax except for estmtd. collectns. on tobacco & alcohol included above	14,697	3,505	89,960	21,556	240,397	372,072	45,487	37,460	70,698	97,757	1,583	935,172
2. Specific excise taxes on certn. goods	689	164	1,404	1,010	11,265	17,436	2,132	1,755	3,313	4,581	74	43,823
3. Withholding tax on dividends, interest going abroad	16,126	3,685	25,957	21,059	185,229	219,634	32,461	32,585	46,911	57,376	1,325	112,306
4. Customs duty												(534,516
5. Miscellaneous taxes & drawbacks												(-4,474
6. Non-tax revenues												
a) return on investments	10,637	2,431	17,122	13,891	122,179	144,874	21,412	21,493	30,943	37,846	874	(307,502
b) services & fees not incld. above)												(31,375
c) miscellaneous												(84,825
Sub-total (preliminary rev. allctns.)	42,149	9,785	74,443	57,516	559,070	754,016	101,492	93,293	151,865	197,560	3,856	2,045,045
C. Total - final & prelim. rev. allocations	90,937	21,752	175,423	134,186	1,651,327	2,621,247	304,221	231,166	461,776	641,934	13,027	6,346,996

Source: "Reply of the Minister of Finance to Question No. 741 by Mr. Balcer Made Order For Return Wed. July 22nd, 1964," obtained from Department of Finance, Ottawa.

4. Once we know the total amount of sales and excise taxes paid by the families in each income class, both Indian and non-Indian, we can calculate incidence rates either by dividing the total taxes paid by the total amount of "income" received by each income class (Gillespie's method) or we may simply divide the total amount of taxes paid by the number of families in each income class. We may now compare the taxes paid by Indians and non-Indians in each income class.

As we stated earlier we were *unable* to perform the analysis described above. First of all we were unable to obtain a *recent* survey of consumer expenditures whose respondents consisted of primarily low income, rural, non-farm families. These are the primary characteristics of most B.C. Indian families. The most recent "Survey of Family Expenditures" was performed in 1964 by D.B.S. It was done in eleven major cities and contained only 2,034 families in the sample.⁵ The lowest income class was "under \$2,500." In view of the unusual socio-economic and geographic characteristics of B.C. Indians we did not feel that this survey would be of any real use as a proxy for their expenditure patterns. Our budget (and our facilities) did not permit us to conduct the necessary survey of Indian family expenditures. In fact, so little is known about the location of Indian families living off-reserves, we would have been unable to draw a random sample of the off-reserve families.

In view of the particularly high taxes on alcohol and the alleged higher consumption among Indians, we were interested in determining the amount of taxes Indians paid by their consumption of alcohol. However, the absence of data (as opposed to hearsay) on Indian consumption of alcohol prevented us from making estimates.

Professor W. Irwin Gillespie has performed the calculations for *all* Canadians by income classes. We summarize his results in Table 3. The two measures of the incidence of both federal and provincial sales and excise taxes favoured by Gillespie are given in columns (9) and (10). These incidence rates are based on Gillespie's "standard assumption" of complete forward shifting of these taxes. The reader will notice how the choice of the income base ("broad income" or "adjusted broad income") greatly changes the measure of incidence--particularly for low income families. Chart 1 is helpful in showing the "shape" of the incidence of all sales taxes over all the family income classes.

There are, however, more fundamental objections to Gillespie's results. We suggested earlier that most economic analysis is an "if--then" proposition. The whole attempt to measure the incidence of sales taxes, excise and customs duties is an excellent example of this problem in economic analysis.

⁵ See "The Canadian Statistical Review," June, 1967, for a discussion of the methodological problems and a review of the results.

TABLE 3

ANALYSIS OF THE BURDEN OF SALES TAXES,
EXCISE AND CUSTOMS DUTIES 1961

Family Income Class	Federal Taxes					No. of Families '000 (6)	"Adjusted Broad Income"		Incidence Rate (5) ÷ (7)	Incidence Rate (5) ÷ (8)	Taxes per Family (5) ÷ (6)	Using "Adjusted Broad Income"	Using "Broad Income" Base	Total Sales Taxes if Full Backward Shifting	Total Sales Taxes Per Family (14) ÷ (6)
	Sales Tax \$M (1)	Selective Excises \$M (2)	Import Duties \$M (3)	Prov. Sales & Excise \$M (4)	Total (1)+(2) +(3)+(4) = (5)		*	*							
Under \$2,000	68	36	40	69	\$213M	1,134	\$1,716M	\$ 846M	12.4%	25.2%	\$ 19	5.2%	8.4%	\$108M	\$ 10
2,000 - 2,999	68	42	37	73	220	633	2,254	1,611	9.7	13.6	33	6.5	8.2	188	30
3,000 - 3,999	110	69	59	122	360	697	3,151	2,645	11.5	13.6	52	7.6	8.6	315	45
4,000 - 4,999	144	90	74	166	474	771	4,336	3,862	10.9	12.2	62	7.8	8.3	456	60
5,000 - 6,999	288	177	146	337	948	1,117	7,650	7,220	12.4	13.2	85	8.1	8.5	812	72
7,000 - 9,999	226	130	111	250	717	602	5,517	5,516	13.0	13.0	119	8.3	8.3	668	112
10,000 & over	141	77	67	156	441	263	4,732	5,212	9.3	7.5	168	6.6	5.4	565	215

Definitions:

Family money income includes the personal income totals for wages and salaries, net income of unincorporated business, investment income (exclusive of imputed rent and institutional investment), pension income and transfer payments to individuals (exclusive of grants to non-commercial institutions).

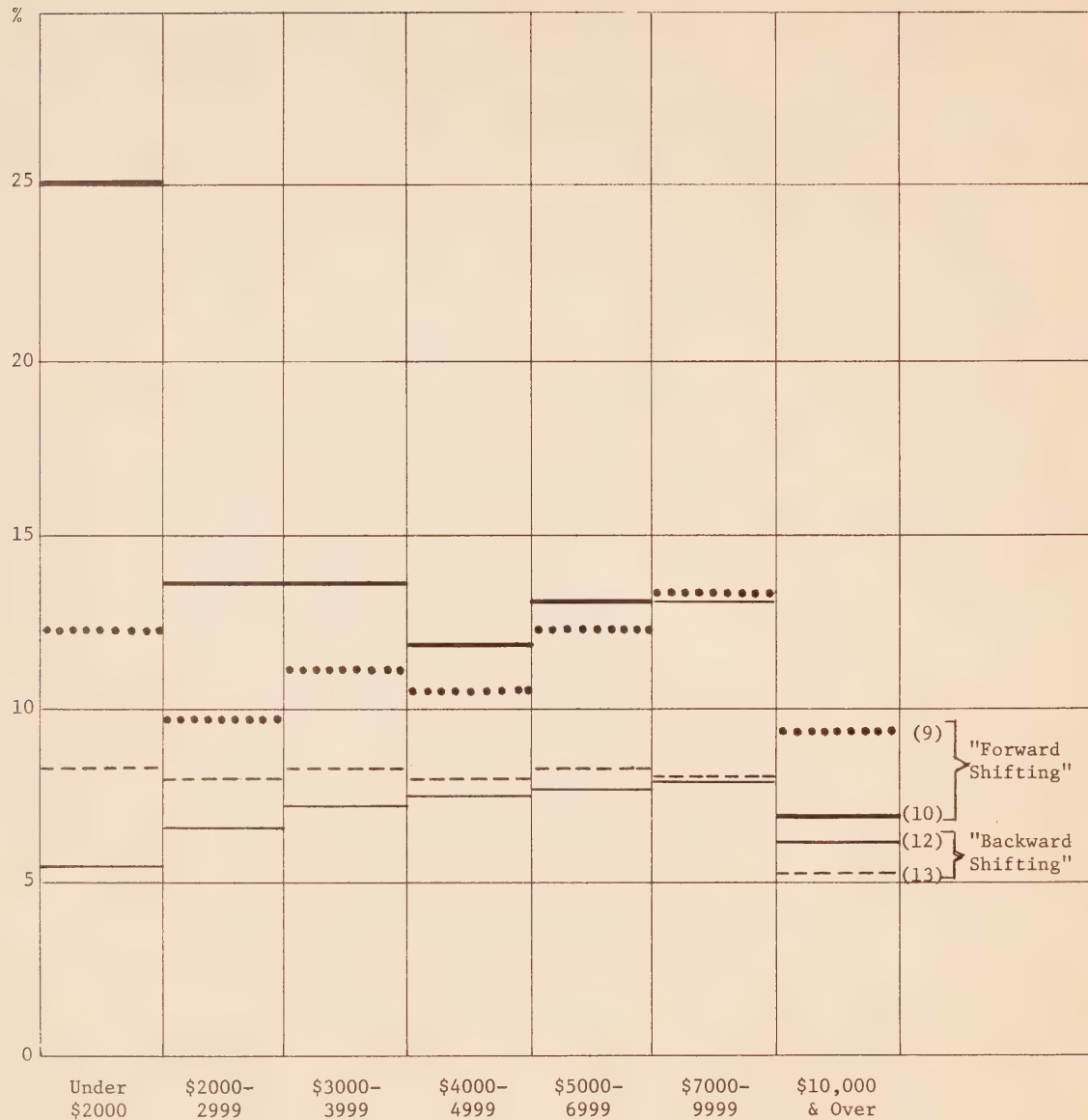
"Broad Income" Concept: "Broad Income" is derived from family money income in three stages: first certain non-money items are added to family money income. The next step is to make certain adjustments so as to render the income concept consistent with the entire analysis of tax incidence. Finally, transfer payments to persons are deleted.

"Adjusted Broad Income": Derived from "broad income" in two steps: first, total tax payments are subtracted; and secondly, government expenditures on goods and services, and transfer payments to persons, are added.

Source: Derived from Tables 1.2, 1.3, A-5, A-6, A-9, A-10, W. Irwin Gillespie, *op. cit.* Definitions from pp. 14, 18, 21.

CHART 1

GRAPH OF THE INCIDENCE OF SALES TAX
UNDER ALTERNATIVE ASSUMPTIONS



Source: See Table 3.

1. Gillespie begins (as do most economists) with the assumption that sales taxes *are in fact a burden*--see step (1) page four. *This is not necessarily the case.* The usual theoretical analysis of the effects of sales and excise taxes proceeds from the assumption, most often implicit, that before the imposition of the tax society was in the social welfare optimum position⁶ brought about by a system of perfect competition. The imposition of a partial sales tax or selective excises has the effect of moving society to an inferior social welfare position. The assumption that society is at the social welfare optimum before the taxes are imposed is a very strong one. If, however, society is *not* at the social welfare optimum position due to the existence of externalities, monopolistic competition or immobility of factors, imposition of a set of selective excises *could* result in society moving to a superior social welfare position. If this is the case the "burden" of the excise taxes is *negative*. In other words the imposition of the set of excises would result in a *benefit* not a burden at all.⁷ Given the highly imperfect nature of our economy it is hard to imagine that the strong assumption of perfect competition and a social welfare optimum is the relevant one for the analysis. This does *not* imply that sales and excise taxes *are* benefits; we simply suggest that they *may* be under certain circumstances.⁸
2. There is another important objection. Suppose for a moment that sales taxes, and excise and customs duties *are* a burden as most people suggest. We now face the question of who really bears the burden of these taxes--on whom does the incidence fall? In

⁶This term is used in its technical economic sense, see F. M. Bator, "The Simple Analytics of Welfare Maximization," *American Economic Review*, March, 1957.

⁷The proof of this proposition is contained in "The Welfare Aspects of Excise Taxes" by Earl R. Rolph and George Break in the *Journal of Political Economy*, February, 1949 and in Milton Friedman's paper, "The Welfare Effects of an Income Tax and an Excise Tax," *Journal of Political Economy*, February, 1952. See also G. F. Break, "Excise Tax Burdens and Benefits," *American Economic Review*, Sept., 1954. We can also see this analysis as a specific case of "The General Theory of Second-Best" by R. Lipsey and K. Lancaster, *Review of Economic Studies*, Vol. XXIV, 1956.

⁸A situation in which a selective excise could be a benefit rather than a burden is the following: Suppose that due to imperfections in the market "too many" of some good and "too few" of another are produced. The imposition of an appropriate excise tax on the good of which there are "too many" would change the *relative* prices of the two goods and hence change their relative outputs until "just enough" of both goods are produced. In a social welfare sense society is better off after the imposition of the tax.

his "standard case" Gillespie assumes that they are borne by the consumers of the taxed product in proportion to their consumption of the taxed product. In other words he suggests that these taxes are "shifted forward" and appear in the form of higher prices to the consumer. Gillespie's measures of incidence in columns (9) and (10) of Table 3 are based on this reasoning.

There is another set of assumptions (the "if" part of the "if--then" analytic framework), which seem to us to be equally plausible. These too have strong theoretical support.⁹ The foremost exponent of this alternative point of view, Professor Earl R. Rolph, arguing within a classical general equilibrium money system, suggests that sales and excise taxes are "shifted backward" and are borne by the factors of production engaged in the production of the taxed commodities. In the long run, he argues, even selective excises amount to a general income tax on all factor incomes. In his study for the Royal Commission on Taxation, Gillespie does make the necessary calculations for us to see impact of this alternative assumption of "backward shifting." We present his results in columns (12) and (13) of Table 3 and on Chart 1.

There is a great difference in the distribution of the burden of these commodity taxes depending upon which of the two assumptions is followed. Looking at Chart 1 the forward shifting assumption combined with the "broad income" definition (10) gives the expected *regressive* shape to the bar graph chart, i.e., the *proportion* of income going to pay these taxes *decreases* as the amount of family income increases. Even by changing to the "adjusted broad income" definition (9) we see a great change in the incidence of these taxes among different income classes. On the chart, (9) indicates that the taxes are regressive up to \$3,000 in family income, then mildly *progressive*¹⁰ up to the \$10,000 income level, then dropping off again in the "\$10,000 and over" income classes.

Notice, however, that under the "backward shifting" assumption at "worst" these commodity taxes are proportional¹¹ up to the "\$10,000 and over" class. And if we use the preferred definition of income, "adjusted broad income," these taxes are moderately progressive until we reach the highest income class. Therefore, we can see that the "then" is very much dependent upon the "if" that *precedes* it.

⁹ See: Earl R. Rolph, "A Proposed Revision of Excise Tax Theory," *Journal of Political Economy*, April, 1957. H. G. Brown's paper reprinted in American Economic Association, *Readings in Taxation* (Homewood, Irwin, 1951). Earl R. Rolph, *The Theory of Fiscal Economics*, University of California Press, Berkeley, 1956.

¹⁰ By a "progressive" tax we mean one in which the *proportion* of income taken in taxes *increases* as the amount of family income increases.

¹¹ By "proportional" we mean a tax which takes a *constant* proportion of income.

We would not strongly argue either case, but we have presented a more detailed analysis of an alternative set of assumptions in order to make the reader aware that the matter of the incidence of sales taxes and excise duties *cannot* be closed merely by repeating the old saw that such taxes are always "regressive"--therefore inferior to an income tax.

3. We have one more criticism to make and we are done. Suppose we had a detailed survey of B.C. Indian family consumption expenditures as well as one for all non-Indian families in B.C. Suppose also that we accept the idea that sales and excise taxes are a burden borne by the consumer of taxed products. What policy prescriptions can we make if our results show that one group or the other pays more in the way of commodity taxes in relation to their respective family incomes? We suggest that no policy prescriptions can be made. If we find that Indians, for example, pay more sales and excise taxes because they consume relatively more alcohol (which is heavily taxed) in *each* income class, than do non-Indians, all we have observed is that Indian tastes are different than those of non-Indians with similar amounts of income. While it is true that selective excises (such as those on alcohol) may alter the relative prices of taxed and untaxed goods, these taxes are usually imposed on commodities for which the demand is highly inelastic. Therefore *if* Indians have a relatively greater "taste" for alcohol before the tax is imposed, then the only result of the imposition of the tax is that Indians will pay more in the way of excise taxes than non-Indians in the same income class. It is also true that relative prices influence tastes, so it is possible that with the imposition of an excise tax the change in the relative prices *may* alter consumption patterns. However, if the demand for the taxed commodity is inelastic, the total amount of income spent on the taxed product will *increase*. It is *not* possible to determine the effect taxes have on tastes.

Suppose there are only two goods in the world; cars and milk. Cars are heavily taxed and milk is subsidized. Suppose two men have the same income and are in similar circumstances. If we observe that one man consumes only one quart of milk per day but owns four cars, then he will pay more taxes than his neighbour who drinks 12 quarts of milk per day and owns only one car. True, one pays more taxes, but our only conclusion is that one man has a "taste" for cars and the other has a "taste" for milk.

Unless we are prepared to make an ethical judgment involving the interpersonal comparison of utility, we *cannot* say that because one pays more taxes than the other, he is "worse off." If we wish to use the sales tax as a revenue instrument, and if we are also concerned with fiscal *neutrality*, then the obvious solution is to impose a completely general *proportional* sales tax on *all* goods and services produced in the economy. Such a tax would be neutral in its impact upon consumer choice--there would be no tax advantage in any form of consumption. Most of the provincial retail sales taxes exempt services and consequently are

biased against the purchase of *goods* as opposed to services.¹²

Before we become overly alarmed at the apparent regressive incidence of sales and excise taxes (as measured by Gillespie), we must remember that these taxes are only a part of the whole *set* of taxes which impinge upon the individual. In passing judgment upon partial sales taxes and selective excises we must examine the incidence of the Personal Income Tax, the Corporation Income Tax, Estate Taxes and Succession Duties. Even after we examine the *total* incidence of taxation, we must then examine the incidence of public expenditures before we can make a final judgment. As Gillespie points out, it is *net fiscal incidence* which should be our prime concern in shaping economic policy. The incidence of individual taxes and expenditure programs is interesting mainly for its contribution to the overall impact of the public sector upon the economic position of families. For a detailed analysis of the total picture we refer the interested reader to W. Irwin Gillespie's study for the Royal Commission on Taxation.¹³

While we have abstained from writing policy prescriptions on the basis of our analysis of the impact of sales taxes, we must mention one important development with respect to Indians and sales taxes. Ontario has recently passed legislation which provides that Indians living on reserves, who can identify themselves as such, are exempt from the provincial 5% retail sales tax on items for their own use or on items delivered to the reserve.

An alternative way to reduce or eliminate the burden of sales and excise taxes on low income families or on a specified group in the population is for the government levying the tax (or even the Federal Government) to provide a *rebate* of all or part of the estimated amount of taxes paid by these families. This has been done by some states in the U.S. by basing the rebate formula on the previous year's income tax return.¹⁴ We do not advocate such a procedure. We are simply trying to provide the policymaker with a range of alternatives should a value judgment be made that Indians (or some other group such as low income families) should not bear the burden of sales taxes, excise and customs duties.

¹²Suppose an individual has available to him \$500 in purely discretionary income. If he purchases a new car-top boat the price he pays includes the 11% Federal Manufacturers' Sales Tax. In addition, if he resides in B.C., he must pay the 5% retail sales tax. However, if the individual purchases an airline ticket to Samoa he pays no sales tax.

¹³*The Incidence of Taxes and Expenditures in the Canadian Economy*, Ottawa, Queen's Printer, 1966.

¹⁴Currently, the U.S. Federal Government allows individuals to deduct an estimate of State and local sales taxes they have paid in calculating their federal taxable income.

CHAPTER 12

ESTATE TAX AND SUCCESSION DUTIES

The Federal Government and the Government of British Columbia both levy a "death tax" on the value of property left by a decedent. The Federal Estate Tax is an indirect tax, levied on the aggregate taxable value of the property of the deceased. The *burden* of the tax falls on the beneficiaries, but it is the estate that pays it. The B.C. Succession Duty Act, on the other hand, levies a tax on the taxable value of property passing to each specific beneficiary. Since it is the beneficiary who pays the tax (presumably out of his gross inheritance), the succession duty is classed as a direct tax. Both the Federal Estate Tax and the B.C. Succession Duty Acts provide a series of exemptions and deductions to the extent that a person must die possessed of a reasonable value of property before it will fall subject to tax. For instance, the Federal Act provides a basic exemption of \$40,000, and should a man die survived by a wife and, say, two children, the exemption would be \$80,000.¹ The B.C. Succession Duty Act provides somewhat similar exemptions, and in addition specifically excludes from tax the value of a home (maximum \$35,000) and the value of insurance (maximum \$25,000) where such assets pass to dependents, i.e., wife or children.²

In general, all property situated within a province is subject to tax. In addition, personal property situated outside the province but which "passes" to a person domiciled in the province is also subject to tax. The law concerning *situs* is complicated, but fortunately it is not of major concern to us in considering the treatment of Indians under the taxing statutes. One possible problem that could arise in respect of the location of Indian property at death is to determine whether or not assets owned by a registered Indian which are situated *off* the reserve (e.g., a bank account) are subject to the *Dominion Succession Duty Act*.³ *The Indian Act* Sec. 86 (1) states:

¹Effective Jan. 1, 1969 property passing to a spouse is free of tax and as time changes were also made to the other exemptions.

²During fiscal 1965-66 the Federal Government assessed only 646 *taxable* estates in the Province of British Columbia and the Yukon. These estates had an "Aggregate Taxable Value" of \$92.8M, and "Aggregate Taxable Value" of \$56.3M; the "Net Estate Tax" paid was only \$4.3M. See Table 2, p. 124, 1967 Edition, *Taxation Statistics*, for the Taxation Year 1965, Dept. of National Revenue, Queen's Printer, 1967.

. . . no succession duty, inheritance tax or estate duty is payable on the death of any Indian in respect of any such property or the succession thereto if the property passes to an Indian, nor shall any such property be taken into account in determining the duty payable under the Dominion Succession Duty Act on or in respect of other property passing to an Indian.

The "property" referred to in Sec. 86 (1) is:

(a) the interest of an Indian or a band in reserve or surrendered lands, and (b) the personal property of an Indian or band *situated on a reserve*.⁴

We have italicised the words which are the crux of the question. It *appears* to us that the property of Indians which is situated *off* the reserve is *not* exempt from Succession Duties and any Estate Taxes—even if passing to an Indian.

The foregoing section, *as far as Indians living on reservations are concerned*, effectively *removes* them from liability for estate tax and succession duty levies, since in the vast majority of cases it would be assumed that the property under question would "pass" to another Indian, and that the bulk of an on-reserve Indian's property would consist either of an interest in land (and therefore buildings) on the reserve or of personal property situated on the reserve. It also should be borne in mind that in addition to the foregoing inclusion, Indians are still entitled to the various deductions and exemptions provided to all decedents under the Estate Tax and Succession Duty Acts.

For Indians who have moved off the reserve lands (approximately 27% in B.C.), the situation of course is not the same. Not only have they given up the tax-free advantage gained by living on the reserve,⁵ but they find themselves subject to estate tax and succession duty on all their property just like any non-Indian. If it is a "good" thing for Indians to move off the reserve and live in the general community (and we do not make a value judgment in this matter), the existing provisions in respect of estate tax and succession duties can hardly be expected to act as an incentive for them to leave the reserve.

While this study is unable to provide any "hard" statistics in respect of the burden of estate tax and succession duties on Indians (in contrast to our statistics on income taxes), we believe that estate

³Now *Federal Estate Tax Act*.

⁴Other than any tax which under certain circumstances may be levied on the Indian property by the band itself, under the provisions of Sec. 82 of the *Indian Act*.

⁵Neither their real property nor personal income earned *on* the reserve is subject to tax under Sec. 86 (1).

tax and succession duties on Indians' decedents provide virtually no revenue to either the Federal Government or the Province of British Columbia. This is also borne out by our discussions with officials of the Department of Finance of the Province of British Columbia who indicate that they cannot remember, even in the past few years, any instance of an Indian having to pay succession duty, although a number of Indian estates have passed through their hands for probate.

Before leaving the matter of death taxes, it would seem fitting to refer to some of the administrative procedures called for under the *Indian Act* in respect of decedents. For instance, Sec. 42 (1) states: "Unless otherwise provided in this Act, all jurisdiction and authority in relation to matters and causes testamentary, with respect to deceased Indians, is vested exclusively in the Minister and shall be exercised subject to and in accordance with regulations of the Governor in Council." In addition, Sec. 45 (3) provides that: "No Will executed by an Indian is of any legal force or effect as a disposition of property until the Minister has approved the Will or a Court has granted probate thereof⁶ pursuant to this Act." Section 46 provides that the Minister under certain circumstances may declare the Will of an Indian to be void in whole or in part. Section 43 gives the Minister very broad powers in the matter of the appointment (or removal or substitution) of executors and administrators of the estates of deceased Indians.

These sections of the *Indian Act* provide the Minister with very broad powers, which may well be necessary for, and beneficial to, the Indian population. It seems a little incongruous, however, to note that an Indian in moving off the reservation loses some benefits in respect of the taxing of his property on death; yet, as long as he retains his Indian status, his testamentary affairs are still handled exclusively by the Department. This is despite the fact that his property is treated for tax purposes the same as a non-Indian's. Perhaps a change should be made.

⁶Other sections of the Act provide that the Minister may delegate his authority in this manner.

CHAPTER 13

SUMMARY

Our text has been lengthy. Our summation will be brief. We have called this final chapter "Summary" rather than the customary "Conclusion." We have done so in recognition of the complexity of the problems we have investigated and in appreciation of the purpose of our Report. We see the Report primarily as a source of information describing, delineating and analyzing the impact of the public sector on the Indians of British Columbia. In the text we have tried not only to present data, but also to place the information in context. We have attempted, particularly, to place the specific results of our research in *perspective* in relation to the non-Indian population.

In this summary we will resist the temptation to draw strong conclusions. For the most part such conclusions are not matters of economics, but value judgments. We hope that this body of research will enable those charged with the responsibility (and burden) of *policy* making to make decisions cognizant of the problems *and* of the alternative courses of action available.

Below we present what we believe are the important *matters of fact* which we elicited during the study. In this summary we are forced to present them bereft of the context within which they are presented in the text.

PART I: EXPENDITURES

Chapter 1: EDUCATION

- One-half of the I.A.B. budget is currently being spent on education.
- Statistics indicate that the past neglect of Indian education is rapidly being overcome--but the proportion of Indian students completing high school and the number attending University is, proportionately, considerably lower than among the non-Indian population.
- Virtually *all* Indian children in Grade VIII and above attend provincial schools.

- In 1966 the average cost of operating the hostel part (only) of the residential schools was almost \$800.
- During 1966-67 the annual cost per pupil in federal schools (Day and Residential) was \$398, compared to the average for all Federal Indian Schools in Canada of \$368 and to \$503 for all public schools in B.C. in 1966.
- The \$250 p.a. paid by I.A.B. for Indian students in provincial schools covered only 40% to 60% of the total costs in selected school districts.
- The age and grade distribution indicates that costs will rise substantially as more Indian children move into high school--particularly if I.A.B. pays for living costs.
- There has been a rapid increase in the number of Indian students enrolled in technical and vocational programs. The average expenditure per student was about \$600.
- Few Indians attend University. As more do so expenditures will rise sharply--but the "rate of return" on investment in University education is substantial.

Chapter 2: SOCIAL WELFARE

- Over \$6.5M was spent on "welfare" during 1967-68 in B.C.--a rise of 50% from the previous year.
- I.A.B. does not pay the "shelter" portion of the B.C. Dept. of Social Welfare scale for social assistance. This is usually at least one-third of the provincial grant.
- Over one-quarter of the total on-reserve population is dependent upon social assistance. This is eight times the provincial average. The range of dependency varies enormously among Agencies.
- There is heavy unemployment among B.C. Indians.
- I.A.B. employs only two professional social workers despite the high incidence of social assistance.
- Our estimates indicate that about one-quarter of the *off*-reserve population is dependent upon social assistance.
- The number of children in care of the Superintendent of Child Welfare is increasing at six times the rate of population growth.
- The "total incidence" of child welfare problems among B.C. Indians is about eight times the provincial average.

- In terms of *net* financial responsibility the Provincial Government pays only a little over one-half the total social welfare costs in B.C.

Chapter 3: HEALTH AND HOSPITALIZATION

- Indians received the benefit of over \$8M in expenditures for their health and hospitalization in 1966-67.
- In per capita terms *public* expenditures on the health of B.C. Indians is 2.2 times the average for B.C.
- The total incidence of hospitalization among B.C. Indians is 2.5 times the B.C. average--but there are important reasons why this is so.
- Federal Indian Hospitals are being "phased out" and more care is being given in regular public hospitals.
- B.C.H.I.S. paid \$3.7M for the hospital care of Indians.
- The measured incidence of mental health problems among Indians is less than among the general population.
- While T.B. rates are still much higher among Indians, they are falling rapidly.
- Indians apparently receive a great deal of their health care from public (as opposed to private) health sources.
- Doctors treating Indians receive a lower rate of reimbursement from I.H.S. than they would from a private (or public) medical plan.
- Because of their low incomes and poor health, Indians on the B.C. Medical Plan or Medicare will receive much larger benefits than the average non-Indian.
- The Provincial Government pays for only three-fifths of the total cost of public health and hospitalization in B.C.

Chapter 4: COMMUNITY DEVELOPMENT AND HOUSING

- Over \$3.6M was spent by I.A.B. in 1967-68 on this function--an increase of over 50% from the previous year.
- While the program has increased the number of homes built and the facilities to go with them, the very rapid increase in new family formations and the very great "back-log" of housing needs have combined to keep the net improvement in Indian housing small.
- Virtually no information exists regarding the housing of Indians

living off-reserve.

- The new off-reserve housing program will do much to change the previous (housing) incentives to live on-reserve.
- In general the standard of housing and level of services enjoyed by Indians is well below that enjoyed by most B.C. residents. The range of housing services Agencies is very great.
- Because of their residence on reserves, B.C. Indians do not receive the Homeowner's Grant--an aggregate potential benefit of over \$400,000.

Chapter 5: THE ADMINISTRATION OF JUSTICE

- The incidence of indictable offences in B.C. is (as a whole) 1.5 times the Canadian average.
- The incidence of indictable offences among B.C. Indians is 3.6 times that for non-Indians in B.C.
- Relatively more Indians receive jail sentences than do non-Indians who tend to receive fines for similar offences.
- B.C. Indians commit (proportionately) almost twice as many crimes against persons as does the total B.C. population, but fewer against property.
- The incidence *rate* for indictable offences among B.C. Indians appears to have increased substantially from 1961 to 1966.
- The cost of imprisonment is about \$10 per day.
- In the past two years male B.C. Indians accounted for one-fifth of the admissions to provincial jails while comprising only 2.3% of the total population of the province. These admissions are mainly for summary offences.
- The incidence rate of Indian women admitted to provincial jails is about twenty times that for non-Indians.
- The incidence of recidivism is greater among B.C. Indians than among the general population.
- Indians receive longer sentences than do non-Indians.
- The incidence of admissions to the boys' "industrial school" among B.C. Indians is four to five times the B.C. average.
- The incidence of admissions to the girls' "training school" among B.C. Indians is at least ten times the B.C. average.

Chapter 6: "PUBLIC GOODS"

- Because the demands for certain publicly provided goods and services are not individually separable, it is not possible to measure their incidence on an individual, family or group basis.
- Public goods include expenditures on Defence, General Government, Natural Resources, Protection to Persons and Property, Interest on the Public Debt and others.
- Public goods and other specifically unallocable expenditures may account for one-half of total expenditures by the public sector.

PART II: TAXATION

Chapter 7: THE PERSONAL INCOME TAX

- Proportionately only one-fifth as many B.C. Indians file income tax returns as the total population of B.C.
- Of the returns filed by B.C. Indians 57% were taxable in comparison with the B.C. total of 83%.
- One-half the taxable returns filed by B.C. Indians (living on-reserve) had assessed incomes¹ of less than \$1,500--compared to 5% for all B.C. taxable returns.
- In terms of total income taxes paid per capita, because of their very low incomes, B.C. Indians pay less than one-tenth the B.C. average.
- Virtually all of the deductions against income for B.C. Indians are personal exemptions and deductions.
- Surprisingly, there are relatively more B.C. Indians with non-taxable returns with assessed income above \$1,500. The reason for this is that even an income of \$3,000-\$4,000 is more than offset by the personal deductions for the larger family size of B.C. Indians.
- For B.C. Indians non-taxable returns under \$2,000 in assessed income an increase in income of at least 80% is needed before any income would become taxable. For non-Indians an increase of 20% would bring most returns into the taxable category.
- An analysis of all returns indicates that 79% of all Indians

¹ Assessed income does not include income earned by an Indian on a reserve which is exempt from tax.

filing tax returns (in 1966) were below the "poverty line" of \$3,000.

- Additional estimates of Indian income confirm the previous finding.

Chapter 8: THE CORPORATION INCOME TAX

- The number of corporations owned by B.C. Indians is less than a handful.
- A corporation owned by Indians operating on or off reserve land is apparently taxable in exactly the same manner as *any* corporation.

Chapter 9: THE "TAXATION" OF INDIAN RESERVES

- While not *paying* property taxes on reserve lands B.C. Indians may nevertheless bear some of the burden of the tax in terms of lease rentals foregone.
- By taxing non-Indian lessees Indians could recover (at the present rates levied by Municipalities or the Province) over \$900,000. The taxes levied on lessees are rising rapidly.
- In leasing as opposed to being their own owner-developers, B.C. Indians, in effect, forego their tax exempt status.
- The present distribution of lease revenues is highly uneven.
- The choice of business "vehicle" is crucial to the full exploitation of the Indians' tax status.
- There are extensive legal arguments supporting the taxing and local government powers of the Band.

Chapter 10: A SURVEY AND VALUATION OF SEVEN RESERVES

- We retained the services of a professional surveyor and assessor to indicate the tax and lease revenue potential and the estimate of current tax levies by the surrounding tax jurisdiction of seven selected reserves.
- In the case of *four* reserves there was judged to be no difference between existing and potential land use revenues.
- For the other three reserves substantial potential appears to exist, only more extensive study can determine the optimum form of development.
- From the point of view of economic development of the reserve the attitude of the Indian people directly involved is crucial

to the success (or failure) of the project.

- The firm of consultants was critical of I.A.B. land-use facilities, policies and practices.
- The formation of local governments on the reserve would serve several important purposes. It would enable the Band to tax non-Indian lessees. It would provide the Band with an administratively convenient form of organization to control the economic development of the reserve. As such, this vehicle would not be subject to taxation (real property or income tax).

Chapter 11: SALES TAXES, EXCISE AND CUSTOMS DUTIES

- Sales taxes, etc. constitute over 37% of total Federal revenue and 36% of total Provincial revenue in B.C.
- The incidence of sales taxes is vitally dependent upon one's assumption regarding the shifting of the tax.
- An equally plausible assumption changes the whole income pattern of incidence.
- We were unable to determine the amount of sales taxes paid by B.C. Indians as we lacked a survey of their expenditure patterns (or even a respectable proxy for one).
- We suggest that, even with a survey and the "correct" assumption regarding shifting, to assert that an individual is "worse off" because he pays more dollars in sales tax than another person in the same income class is not a meaningful statement. All we can really say is that their *tastes* are *different*. Such a comparison between two tax-payers with the same income involves an interpersonal comparison of utility--which is rejected by most economists.

Chapter 12: ESTATE TAX AND SUCCESSION DUTIES

- Because of their very low incomes (hence their accumulated wealth) and the provisions of Section 86 (1) of the *Indian Act*, virtually no B.C. Indian has been liable for Provincial or Federal taxes on the passing of property at death.

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